TOWN OF
TROPHY CLUB

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2016

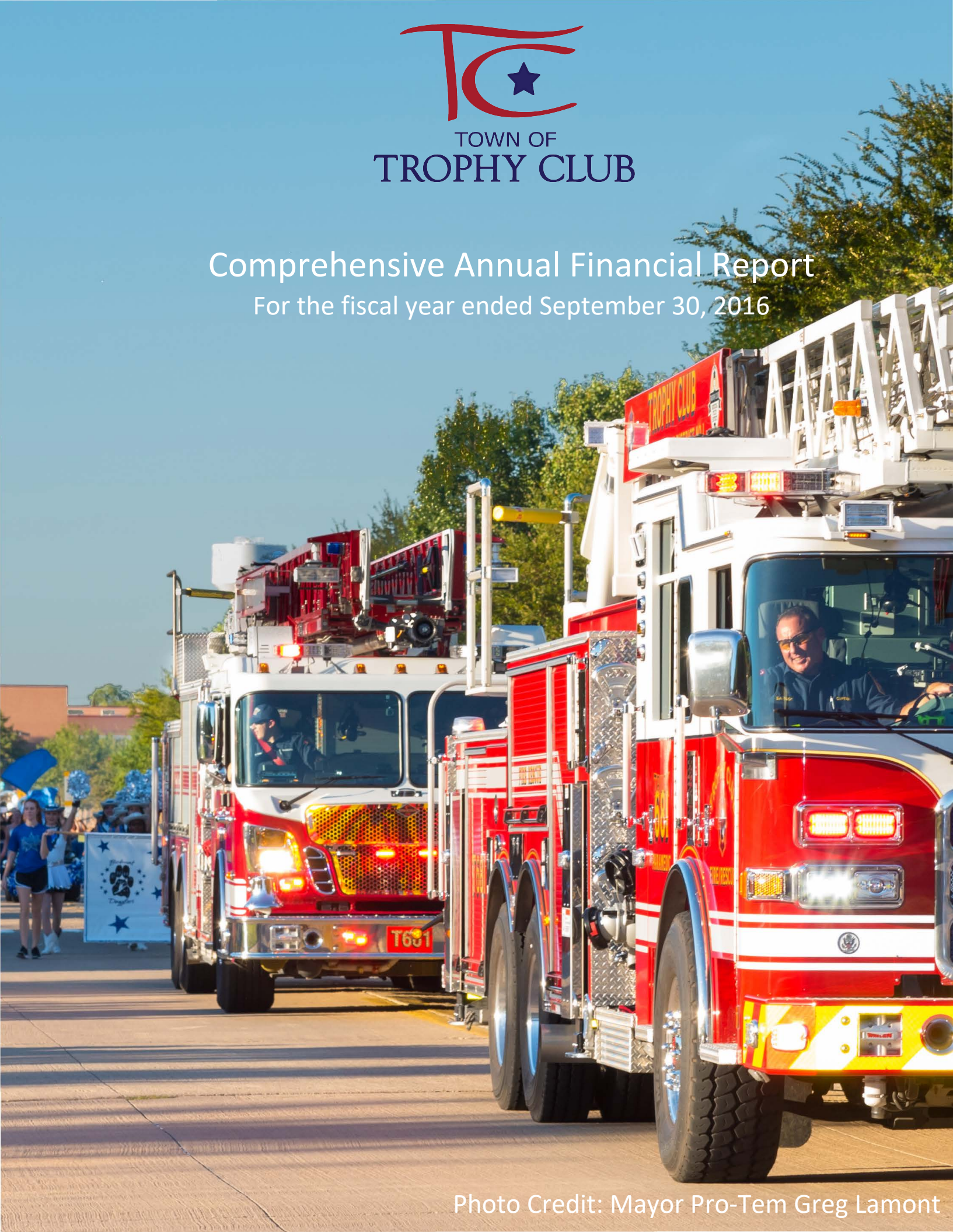


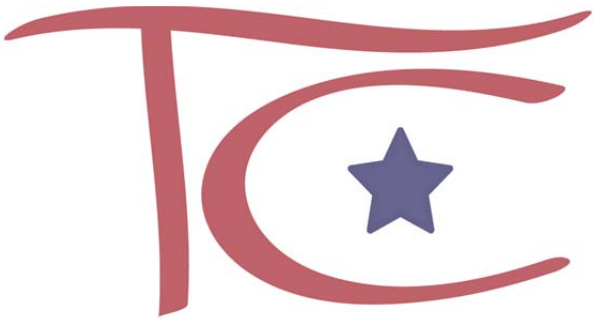
Photo Credit: Mayor Pro-Tem Greg Lamont

TOWN OF TROPHY CLUB, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2016

As Prepared By The
FINANCE DEPARTMENT



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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TOWN OF
TROPHY CLUB

Town of Trophy Club
100 Municipal Drive
Trophy Club, TX 76262
Phone (682) 831-4600
Fax (817) 491-9312

June 8, 2017

Honorable Mayor, Members of the Town Council,
And the Citizens of the
Town of Trophy Club, Texas

The Town's Finance Department has prepared a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) which were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report (CAFR) for the Town of Trophy Club, Texas for the fiscal year ended September 30, 2016 is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Town's financial statements in conformity with GAAP. Internal controls should not outweigh their benefits; therefore, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial records have been audited by BrooksCardiel, PLLC, Certified Public Accountants, as required by the Town Charter. This CAFR has been prepared based upon those audited records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2016. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town of Trophy Club, Texas incorporated in 1985 as Texas' first premiere master planned community, is located in the North Central portion of Texas. This area of the State has proven to be one of the top

growth areas in Texas and the United States. The Town currently occupies a land area of just over 4 square miles and serves a growing population of approximately 12,677. The Town is empowered to levy a property tax on real property located within its boundaries. Trophy Club is also empowered, by State statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the Town.

Trophy Club has operated as a Home Rule municipality utilizing the Council-Manager form of government since 2004. With the Charter Amendments passed at the May 11, 2013 election policy-making and legislative authority are vested in the Town Council consisting of the Mayor and six other council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Town Council is elected on a non-partisan basis. With the Charter Amendments passed at the May 9, 2009 election, Council members are elected from the Town at-large-by-place in the manner, for a term of three (3) years or until their successors have been elected and take office. Each Council member shall be elected to and occupy a place on the Council, such Places being numbered (e.g., Place 1, Place 2, Place 3, etc.). No person shall serve as Mayor or Council member for successive elected full terms totaling more than six years. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, overseeing the day-to-day operations of the government and for appointing the heads of the various Town departments.

The Town of Trophy Club provides a full range of municipal services including general government, public safety (police and EMS), streets, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water/wastewater and Fire protection are provided through the Municipal Utility District.

Local Economy

Fast-paced growth is one of the Town's identifying characteristics, identified by both the Dallas Business Journal and Fort Worth Builders Association. Trophy Club's location between DFW and Alliance Airports is ideal for businesses and residents, as well as those who commute to Dallas, Denton, Las Colinas, and Fort Worth. Trophy Club maintains a small-town, picturesque feel while taking advantage of nearby metro areas. The Town offers an outstanding quality of life, with great educational and recreational amenities as well as two 18-hole premier golf courses including the only course designed by Ben Hogan.

The North Texas region possesses diverse research and education institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate with approximately half of the local workforce employed in management, professional, and related occupations. Figures from the Bureau of Labor Statistics indicate a Denton County unemployment rate of 3.6% while the national unemployment rate is 4.7% as of December 2016.

Trophy Club has worked diligently to position itself for a significant future within DFW and the Alliance corridor. The Town has issued over 1,000 building permits for high end homes over the past 5 years, with another 60 building permits anticipated for Fiscal Year 2017. Additionally, the Town's tax base exceeded $1.5 billion net taxable value in 2016. Business growth continues to be strong in Trophy Club and the Highway 114 region. The Town directly benefits from those businesses locating within the Town or professionals moving to our neighborhoods who work at nearby corporations.

Long-Term Financial Planning

In December of 2015, the Town refunded the Trophy Club Public Improvement District #1 (PID) bonds which will help residents of the PID realize over $16.4M in savings over the life of the debt. In May of 2016 the Town issued $5,245,000 in General Obligation Bonds for the purpose of constructing a new

Town Hall and $4,210,000 in Certificates of Obligation of which $2,260,000 is funded by the Crime Control Prevention District to help fund the police portion of the new Town Hall and $1,950,000 is for street and drainage projects.

Budgeting Process

The Town of Trophy Club uses a program-based budgeting process. Each budgeting unit provides for the expenditures associated with services and supplies appropriated for in the prior year budget. Personnel expenditures are compiled by the Finance and Human Resource departments. Any funding request that represents new expenditures and programs must be submitted as a separate supplemental request. Capital items are funded based on a replacement schedule, need, and available resources.

Revenue Projection

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance staff. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information.

Proposed Budget Analysis/Compilation

The Finance Department reviews and compiles a preliminary departmental budget to present to the Budget Team, which is comprised of the Town Manager, Assistant Town Manager/CFO, Controller, and Strategic Services Coordinator. During Budget Team discussions, each department director answers questions from the entire group concerning their budget.

Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Proposed Budget Development

The Town Manager shall prepare and submit to the Town Secretary, the annual budget covering the next fiscal year. The Town Manager's proposed budget should assume, for each fund, operating revenues and resources that are equal to, or exceed operating expenditures. The Town Manager's budget message summarizes funding requirements, major changes in programs, and alternatives for funding.

Town Council Budget Study

Each fund's information, supplemental items, capital replacement data, and the five year capital improvement program are presented to the Council during every Council meeting from May until the budget is adopted. This approach allows the Council to discuss items and give direction prior to the proposed budget being submitted.

Capital Program

The Town Manager shall prepare and submit to the Council a five (5) year capital program no later than three months before the final date for submission of the budget. The capital program shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition (Charter Section 9.08).

Public Hearing/Budget Adoption

A public hearing on the proposed budget and two public hearings on the tax rate (if applicable) are held in August and September prior to final budget consideration. At the public hearings, citizens may make formal comments concerning the proposed budget. The public also has the opportunity to attend Town Council budget work sessions from May through budget adoption.

Budget adoption occurs in September after Town Council deliberations and the public hearing(s). The Town Council adopts a tax rate to support adopted funding levels. Pursuant to Town Charter, the budget in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted if no Town Council action is taken before the end of the fiscal year, September 30.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published during the first months of the new fiscal year. The adopted budget in the form of an amended proposed budget is available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is a year-round activity of divisions/departments and Finance Department staff. Other spending control mechanisms include monthly review of expenditures by Finance Department staff. During the budget process, departments make revenue and expenditure estimates for the current year.

Finally, program goals, objectives, and measures are evaluated during budget implementation to determine the effectiveness of program activities and levels of appropriate funding for subsequent years.

Relevant Financial Policies

During Fiscal Year 2010, the Town established a Cash Management Program and Policy for the purpose of ensuring adequate internal controls to account for the handling of Town cash and to maintain public trust.

Staff also created the Town's Investment Policy. The purpose of the investment policy was to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures, and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds. The investment policy received the Government Treasurers' of Texas Certificate of Distinction for Investment Policy in June 2011.

The Town Council adopted a fund balance policy in September 2011 which established new fund balance categories (as recommended by Statement No. 54 by the Governmental Accounting Standards Board) and established a minimum unassigned fund balance goal (30% of annual operating expenditures).

In December 2013, Town Council adopted a debt management policy in order to provide parameters for the issuance and management of debt used to construct or acquire major capital assets.

In September 2016 the Town implemented revised purchasing and travel and training policies.

Major Initiatives

The Town Council has continued its strategic planning process to identify goals and objectives for long range planning. Each year, the Council meets in strategic planning retreats to review and refine those

goals. Management Team members utilize the strategic planning documents to help guide their budget planning and service/program implementation.

Awards and Acknowledgements

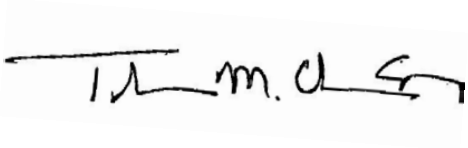
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Trophy Club for its CAFR for the fiscal year ended September 30, 2015. This was the sixth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Acknowledgment is also given to representatives of BrooksCardiel, PLLC, Certified Public Accountants.

Special acknowledgement is given to the Mayor and the members of the Town Council for their support for maintaining the highest standards of professionalism in the management of the Town of Trophy Club finances.

Respectively submitted,



Thomas M. Class, Sr.
Town Manager

Amber Karkauskas
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Trophy Club

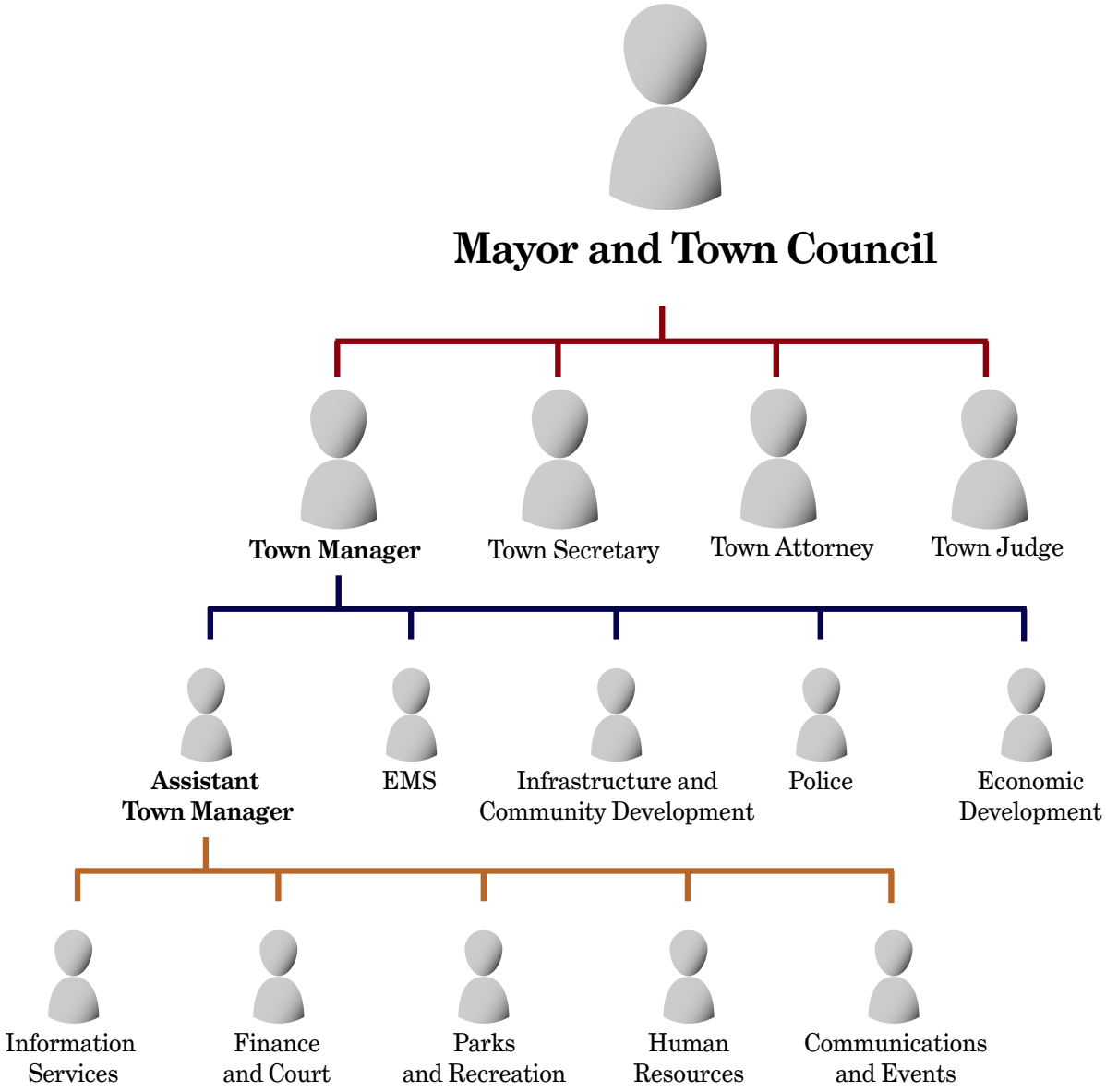
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

Trophy Club Citizens



Key Officials

Town Council

Pictured left to right: (seated) Council Member Jim Parrow, Mayor Nick Sanders, Mayor Pro Tem Greg Lamont, (standing) Council Member Garrett Reed, Council Member Rhylan Rowe, Council Member Tim Kurtz, and Council Member Philip Shoffner

Appointed Officials

Town Manager	Patrick Arata
Town Attorney	David Dodd
Town Secretary	Holly Fimbres
Municipal Judge	Honorable Mark Chambers

Management Team

Director of Finance	Amber Karkauskas
Interim Emergency Medical Services & Fire Chief	Rick Lasky
Human Resources Director	Carmel Fritz
Information Systems Director	Mike Pastor
Infrastructure & Development Services Manager	Pat Cooke
Parks & Recreation Director	Adam Adams
Police Chief	Patrick Arata

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Trophy Club, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (the "Town"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2016 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of an Error

As disclosed in Note 15., in the year ending September 30, 2016, the Town restated its net position and PID No. 1 fund balances as of September 30, 2015 to correct this fund to be reported as a governmental type fund rather than agency fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions to pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

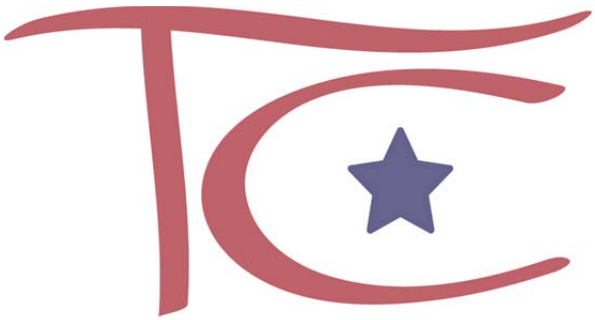
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Trophy Club basic financial statements. The introductory section, combining and budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
June 8, 2017



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As management of the Town of Trophy Club, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Trophy Club for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2016, by $34,222,153 (net position). Of this amount, $2,167,715 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

- The Town's total net position decreased by $565,227 primarily as a result of an increase in net pension liability of $983,826.

- The Town's governmental funds reported combined ending fund balances of $17,783,169.

- The unassigned portion of the General Fund balance at the end of the year was $3,950,290 or 46.9% of total General Fund expenditures.

- The governmental long-term debt obligations of the Town increased by $13,063,158 during the fiscal year. This increase was comprised of debt issuances totaling $41,800,855 offset by debt service principal payments totaling $28,737,697.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements--The government-wide financial statements are designed to provide readers with a broad overview of the Town of Trophy Club's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets, liabilities and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities primarily account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are primarily supported by user fees and charges. Most Town services are reported in governmental activities while Proprietary Funds are reported in the business-type activities.

In the above statements, the Town's operations are presented as Governmental Activities - where most of the Town's basic activities are reported, including police, emergency medical services, community development, parks and recreation, streets, court, council and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees.

The 4B Economic Development Corporation and Tax Increment Reinvestment Zone #1 are considered (discretely presented) component units of the Town. Their balances and activities have been combined and reported separately from those of the Town in the above statements.

Fund financial statements--The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds-Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eleven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, the Capital Projects Fund, the PID No. 1 Fund, and the Grant Fund, all of which are considered to be major funds. Data from the other seven funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds-The Town maintains two proprietary funds: the Trophy Club Park Fund and the Town Storm Drainage Fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses proprietary funds to account for operations at Trophy Club Park and storm water operations. Proprietary fund financial statements provide the same type of information as the government-wide financial statements only in more detail.

Component units - The 4B Economic Development Corporation and Tax Increment Reinvestment Zone #1 are reported as discretely presented component units. Information on these component units is presented in the Statement of Net Position - Component Units and the Statement of Activities – Component Units.

The Town adopts annual appropriated budgets for the general fund, debt service fund and the Trophy Club Park Proprietary Fund. Budgets for capital projects funds are adopted on a project length basis. A budgetary comparison statement is provided for each budgeted governmental fund to demonstrate compliance with its budget.

Notes to the financial statements--The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-61.

Other information--In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements on pages 62-67.

Government-wide Financial Analysis

At the end of fiscal year 2016, the Town's net position (assets exceeding liabilities) totaled $34,222,153. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position--The largest portion of the Town's net position, $27,620,789 or 80.71%, reflects its net investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the Town's net position, $4,433,649 or 12.96% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $2,167,715 or 6.33% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Current and other assets	$ 19,718,941	$ 11,826,843	$ 285,801	$ 532,217	$ 20,004,742	$ 12,359,060
Capital assets	64,987,559	64,431,671	1,985,346	1,687,338	66,972,905	66,119,009
Total Assets	84,706,500	76,258,514	2,271,147	2,219,555	86,977,647	78,478,069
Total deferred outflows of resources	5,107,464	1,001,592	-	-	5,107,464	1,001,592
Long-term liabilities outstanding	54,072,555	41,009,397	1,305,200	1,454,619	55,377,755	42,464,016
Other liabilities	2,167,729	2,277,770	114,046	87,959	2,281,775	2,365,729
Total Liabilities	56,240,284	43,287,167	1,419,246	1,542,578	57,659,530	44,829,745
Total deferred inflows of resources	203,428	37,460	-	-	203,428	37,460
Net Position						
Net investment in capital assets	26,940,643	27,620,857	680,146	513,930	27,620,789	28,134,787
Restricted	4,433,649	4,035,428	-	-	4,433,649	4,035,428
Unrestricted	1,995,960	$ 2,279,194	171,755	163,047	2,167,715	2,442,241
Total Net Position	$ 33,370,252	$ 33,935,479	$ 851,901	$ 676,977	$ 34,222,153	$ 34,612,456

Changes in Net Position--The net position of the Town decreased by $390,303 for the fiscal year ended September 30, 2016.

Governmental Activities. Governmental activities decreased the Town's net position by $565,227 from the prior year. This was primarily the result of an increase in the net pension liability of $983,826.

Business-type Activities. From the prior year, net position from business-type activities increased by $174,924. This increase is primarily due to a $184,873 increase in net position in the Town Storm Drainage fund despite transfers of $62,206 to other funds.

Table 2
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Revenues:						
Program revenues:						
Charges for services	$ 1,213,011	$ 1,454,680	$ 466,934	$ 484,874	$ 1,679,945	$ 1,939,554
Operating grants and contributions	141,071	550,495	61,106	-	202,177	550,495
Capital grants and contributions	-	1,254,997	-	-	-	1,254,997
General revenues:						
Ad valorem taxes	9,701,080	9,364,705	-	-	9,701,080	9,364,705
Sales and mixed beverage taxes	1,217,693	1,104,298	-	-	1,217,693	1,104,298
Franchise taxes	953,621	762,699	-	-	953,621	762,699
Occupancy taxes	302,374	264,708	-	-	302,374	264,708
Investment income	65,709	11,331	914	143	66,623	11,474
Miscellaneous revenues	382,521	100,202	-	-	382,521	100,202
Total revenues	13,977,080	14,868,115	528,954	485,017	14,506,034	15,353,132
Expenses:						
General government	346,129	125,199	-	-	346,129	125,199
PID activities	2,122,901	2,736,000	-	-	2,122,901	2,736,000
Town storm drainage	234,287	234,339	-	-	234,287	234,339
Emergency medical services	1,048,639	523,448	-	-	1,048,639	523,448
Manager's office	851,849	816,283	-	-	851,849	816,283
Human resources	169,996	74,861	-	-	169,996	74,861
Finance	421,925	299,044	-	-	421,925	299,044
Information systems	516,447	397,002	-	-	516,447	397,002
Legal	322,768	135,495	-	-	322,768	135,495
Police	2,404,287	1,713,150	-	-	2,404,287	1,713,150
Court	87,777	70,011	-	-	87,777	70,011
Recreation	599,863	487,874	-	-	599,863	487,874
Facilities management	99,528	108,065	-	-	99,528	108,065
Parks	2,052,521	1,766,108	-	-	2,052,521	1,766,108
Community development	640,404	436,090	-	-	640,404	436,090
Streets	1,878,119	1,716,531	-	-	1,878,119	1,716,531
Water and sewer	319,054	319,054	-	-	319,054	319,054
Interest on long-term debt	496,019	469,923	-	-	496,019	469,923
Trophy Club Park	-	-	109,325	123,445	109,325	123,445
Storm drainage	-	-	174,499	205,331	174,499	205,331
Total expenses	14,612,513	12,428,477	283,824	328,776	14,896,337	12,757,253
Increase (decrease) in net position before transfers	(635,433)	2,439,638	245,130	156,241	(390,303)	2,595,879
Transfers	70,206	35,350	(70,206)	(35,350)	-	-
Increase (decrease) in net position	(565,227)	2,474,988	174,924	120,891	(390,303)	2,595,879
Net Position - Beginning, (as restated)	33,935,479	34,059,037	676,977	556,086	34,612,456	34,615,123
Cumulative effect of change in accounting principle	-	(2,598,546)	-	-	-	(2,598,546)
Net Position - Ending	$ 33,370,252	$ 33,935,479	$ 851,901	$ 676,977	$ 34,222,153	$ 34,612,456

Financial Analysis of the Government's Funds

Governmental funds--The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of $17,783,169.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $3,950,290. The fund balance of the General Fund increased by $502,973 during the fiscal year. The increase can be attributed to budgeted transfers out to the capital projects fund not occurring during the fiscal year and lower than anticipated personnel expenditures due to employee turnover. Revenue categories experiencing significant increases/decreases include:

- Property tax revenue increased from the previous year - $564,360
- Sales tax revenue increased from the previous year - $69,717
- Franchise tax revenue increased from the previous year - $142,570
- Miscellaneous revenue increased from the previous year - $170,322
- Charges for service revenue increased from the previous year - $17,380
- Investment revenue increased from the previous year - $25,648
- Intergovernmental revenue decreased from the previous year - $126,134
- Fines and fees revenue decreased from the previous year - $218,251
- Licenses and permits decreased from the previous year - $98,792

The Debt Service Fund experienced an increase of $24,632 in fund balance. Funds are restricted for the payment of debt service. The Capital Projects Fund experienced an increase in fund balance of $7,070,390, which is due to proceeds from debt issued during the year. The Grants Fund experienced an increase of $14,113 in fund balance. The PID No. 1 Fund experienced a decrease of $359,643. Other governmental funds had a total increase in fund balance of $78,053. This increase was primarily due to increased collection of hotel occupancy taxes and sales taxes.

In the General Fund, the Town originally budgeted for a fund balance increase in the current year of 83,491. Budget amendments throughout the year changed the budgeted ending fund balance to an $86,509 decrease. Due primarily to actual revenues being more than budgeted, expenditures being less than budgeted, and transfers out being less than budgeted, the actual budget basis fund balance variance from the final budget was an increase of $589,482 for fiscal year 2016.

Proprietary funds--The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

The unrestricted net position of the Trophy Club Park Fund amounted to ($81,947) at year end while the unrestricted net position of the Town Storm Drainage Fund amounted to $253,702. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Revenue: Significant variances between budgeted and actual revenues included: ad valorem taxes were ($39,247) under budget; franchise taxes were ($18,635) under budget; revenues from sales and mixed beverage taxes were $28,102 over budget; revenues from charges for services were $25,428 over budget; and miscellaneous revenue was ($29,557) under budget. Overall, in the general fund, actual revenues exceeded final budgeted amounts by $10,868.

Expenditures: Overall expenditures were below the budgeted amount by $305,606 in fiscal year 2016. The Police Department came in $104,412 under budget primarily due personnel expenditure savings. The Parks Department came in $13,326 under budget primarily due to personnel expenditure savings. The Manager's Office came in $25,967 under budget due to services and supplies expenditure savings. The Recreation Department had a budget savings of $16,010 primarily due to personnel expenditure savings. The Streets and Department had budget savings of $23,648 and primarily due to personnel expenditure savings. The Community Development Department had budget savings of $36,218 due to services and supplies expenditure savings. The Information Services Department had budget savings of $32,896 due to capital outlay savings.

Capital Assets

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to $66,972,905 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, utility system, machinery and equipment, and construction in progress. The total increase in the Town's investment in capital assets for the current year was 1.3%.

Major capital asset events during the current fiscal year included the following:

- Construction in progress:
    - Lakeview Soccer Fields
    - Town Hall
    - Veteran's Memorial and Parking Lot
    - Harmony Park Parking Lot
    - Harmony Park Masonry Shed
- Completion of street reconstruction of Pebble Beach Drive, Timberline Court, and Pin Oak Court and drainage improvements at Cypress Court and Pebble Beach Drive
- Illuminated street signs at Trophy Club Drive and State Highway 114
- Software upgrades for the school zone flashers
- Stryker Power Cot for an ambulance
- Fully equipped police patrol vehicle and administration sedan
- Digital portable radios for police
- Improvements to the Town's Aquatic Facility
- Bigfoot Speakers for Recreation
- Surveillance equipment for police

Table 3
Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities		Business Type Activities			
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	$ 10,446,722	$ 10,446,722	$ -	$ -	$ 10,446,722	$ 10,446,722
Construction in progress	2,700,529	635,782	-	78,478	2,700,529	714,260
Buildings	1,207,679	1,258,309	-	-	1,207,679	1,258,309
Improvements other than buildings	35,508,785	36,324,178	-	-	35,508,785	36,324,178
Machinery and equipment	931,029	959,970	19,893	22,303	950,922	982,273
Vehicles	242,601	301,412	-	-	242,601	301,412
Water system	4,433,168	4,608,935	-	-	4,433,168	4,608,935
Infrastructure	9,517,046	9,896,363	1,965,453	1,586,557	11,482,499	11,482,920
Total	$ 64,987,559	$ 64,431,671	$ 1,985,346	$ 1,687,338	$ 66,972,905	$ 66,119,009

Additional information on the Town's capital assets can be found in Note 4 on pages 46-47 of this report.

Debt Administration

At the end of the current fiscal year, the Town of Trophy Club had total governmental debt principal outstanding of $46,046,479. Of this amount, $12,375,000 comprises bonded debt backed by the full faith and credit of the Town, $7,961,000 represents contractual obligations, and the remaining amount relates to special assessment bonds for the Town's Public Improvement District. The Town also had a total business-type principal outstanding of $1,275,000.

The Town maintains fair ratings from bond rating agencies as follows:

Bond Ratings:	Standard & Poor's	Moody's
General obligation bonds	AA+	Aa3
Contractual obligations	AA+	Aa3

The Town's General obligation, contractual obligations, compensated absence obligations, pension obligations, and OPEB obligations are as follows:

Table 4
Outstanding Debt at Year-End

	Governmental Activities		Business Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
General obligation bonds	$ 12,375,000	$ 8,305,000	$ -	$ -	$ 12,375,000	$8,305,000
Special assessment bonds	$ 25,710,479	26,481,000	-	-	-	26,481,000
Contractual obligations	7,961,000	3,954,000	1,275,000	1,420,000	9,236,000	5,374,000
Issuance premium	4,916,763	115,126	30,200	34,619	4,946,963	149,745
Net Pension Liability	2,835,287	1,851,461	-	-	2,835,287	1,851,461
OPEB Liability	88,400	72,816	-	-	88,400	72,816
Compensated absences	185,626	229,994	-	-	185,626	229,994
Totals	$ 54,072,555	$41,009,397	$ 1,305,200	$ 1,454,619	$55,377,755	$42,464,016

Additional information on the Town's long-term debt can be found in the Note 6 on pages 48-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town continues to experience high residential growth as well as commercial and retail development. The Town issued 118 residential construction permits in FY 2016, a decrease of 36 from the previous year. The permits are averaging approximately $500,727. The Town budgeted for 60 residential building permits for FY17. Residential development is expected to decrease significantly beginning in FY 2017 as the Town approaches substantial build out.

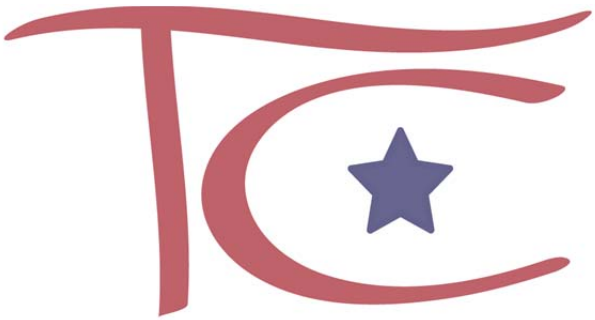
In addition to the strong residential growth, the Town is experiencing commercial development as well. One hotel and one destination restaurant are set to open in FY 17 as well as construction anticipated to begin on several new commercial properties in FY17.

In fiscal year 2017, General Fund revenues are budgeted to increase 3.3% over FY 2016 estimated revenues while expenditures are budgeted to increase by 12.0% over FY 2016 estimated expenditures. For fiscal year 2017, Tarrant County and Denton County certified net freeze taxable property values of $1,524,526,898 which reflected an increase of 10.4% over the previous fiscal year 2016 net freeze taxable property values of $1,380,460,699. The fiscal year 2017 budget decreased the ad valorem tax rate to $0.473 per hundred dollars of assessed value, down from $0.484 in fiscal year 2016.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Assistant Town Manager, 100 Municipal Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.

BASIC FINANCIAL STATEMENTS



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	$ 18,236,776	$ 291,535	$ 18,528,311	$ 517,123
Sales taxes receivable	231,353	-	231,353	76,883
Ad valorem taxes receivable	61,273	-	61,273	-
Franchise fees receivable	83,169	-	83,169	-
Accounts receivable, net	883,449	70,603	954,052	-
Due from other governments	89,853	-	89,853	-
Internal balances	78,671	(78,671)	-	-
Prepaid items	54,397	2,334	56,731	-
Inventory	-	-	-	2,538,765
Total current assets	19,718,941	285,801	20,004,742	3,132,771
Noncurrent assets:				
Unamortized bond insurance	-	-	-	10,742
Capital Assets:				
Land	10,446,722	-	10,446,722	-
Construction in progress	2,700,529	-	2,700,529	-
Buildings	1,993,440	-	1,993,440	-
Improvements other than buildings	55,949,137	-	55,949,137	-
Machinery and equipment	2,065,632	24,112	2,089,744	-
Vehicles	1,178,846	-	1,178,846	-
Water System	5,362,005	-	5,362,005	-
Infrastructure	14,332,062	2,039,766	16,371,828	-
Accumulated depreciation	(29,040,814)	(78,532)	(29,119,346)	-
Total noncurrent assets	64,987,559	1,985,346	66,972,905	10,742
Total assets	84,706,500	2,271,147	86,977,647	3,143,513
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,581,091	-	3,581,091	-
Pension contributions after measurement date	439,528	-	439,528	-
Changes in actuarial assumptions used	276,440	-	276,440	-
Difference in projected and actual earnings on pension assets	810,405	-	810,405	-
Total deferred outflows of resources	5,107,464	-	5,107,464	-
LIABILITIES				
Current liabilities:				
Accounts payable	1,040,875	111,247	1,152,122	400,000
Accrued liabilities	461,261	-	461,261	-
Interest payable	416,374	2,799	419,173	1,707
Unearned revenue, franchise fees	249,219	-	249,219	-
Total current liabilities	2,167,729	114,046	2,281,775	401,707
Noncurrent liabilities:				
Debt due within one year	1,576,895	149,419	1,726,314	98,667
Debt due in more than one year	49,660,373	1,155,781	50,816,154	2,461,127
Net pension liability	2,835,287	-	2,835,287	-
Total noncurrent liabilities	54,072,555	1,305,200	55,377,755	2,559,794
Total liabilities	56,240,284	1,419,246	57,659,530	2,961,501
DEFERRED INFLOWS OF RESOURCES				
Difference in expected and actual pension experience	203,428	-	203,428	-
Total deferred inflows of resources	203,428	-	203,428	-
NET POSITION				
Net investment in capital assets	26,940,643	680,146	27,620,789	-
Restricted for:				
PID Activities	3,567,989	-	3,567,989	-
Court	39,668	-	39,668	-
Public Safety	210,189	-	210,189	-
Debt Service	49,171	-	49,171	-
Recreation programs	2,269	-	2,269	-
Tourism	564,363	-	564,363	-
Unrestricted	1,995,960	171,755	2,167,715	182,012
Total net position	$ 33,370,252	$ 851,901	$ 34,222,153	$ 182,012

The notes to financial statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	$ 346,129	$ 15,448	$ -	$ -
PID Activities	2,122,901	-	-	-
Emergency medical services	1,048,639	209,064	4,290	-
Manager's office	851,849	-	-	-
Human resources	169,996	-	-	-
Finance	421,925	25,276	-	-
Information Services	516,447	-	-	-
Legal	322,768	-	-	-
Court	87,777	139,029	-	-
Police	2,404,287	3,786	110,543	-
Recreation	599,863	214,850	-	-
Facilities management	99,528	-	-	-
Parks	2,052,521	-	-	-
Community Development	640,404	605,558	-	-
Streets	1,878,119	-	26,238	
Water and sewer	319,054	-	-	-
Interest on long-term debt	496,019	-	-	-
Town Storm Drainage	234,287	-	-	-
Total governmental activities	14,612,513	1,213,011	141,071	-
Business-type activities:				
Storm Drainage Utility	174,499	420,664	-	-
Trophy Club Park	109,325	46,270	61,106	-
Total business-type activities	283,824	466,934	61,106	-
Total primary government	$ 14,896,337	$ 1,679,945	$ 202,177	$ -
Component units:				
Economic Development Corporation	$ 247,188	$ -	$ -	$ -
TIRZ #1	400,000	-	-	-
Total component units	$ 647,188	$ -	$ -	$ -

General revenues and transfers:	
Ad valorem taxes	
Sales and mixed beverage taxes	
Franchise taxes	
Occupancy taxes	
Investment income	
Miscellaneous revenues	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position - beginning	
Net position - ending	

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (330,681)	$ -	$ (330,681)	$ -
(2,122,901)		(2,122,901)	
(835,285)	-	(835,285)	-
(851,849)	-	(851,849)	-
(169,996)	-	(169,996)	-
(396,649)	-	(396,649)	-
(516,447)	-	(516,447)	-
(322,768)	-	(322,768)	-
51,252	-	51,252	-
(2,289,958)	-	(2,289,958)	-
(385,013)	-	(385,013)	-
(99,528)	-	(99,528)	-
(2,052,521)	-	(2,052,521)	-
(34,846)	-	(34,846)	-
(1,851,881)	-	(1,851,881)	-
(319,054)	-	(319,054)	-
(496,019)	-	(496,019)	-
(234,287)	-	(234,287)	-
(13,258,431)	-	(13,258,431)	-
-	246,165	246,165	-
-	(1,949)	(1,949)	-
-	244,216	244,216	-
(13,258,431)	244,216	(13,014,215)	-
$ -	$ -	$ -	$ (247,188)
-	-	-	(400,000)
$ -	$ -	$ -	(647,188)
9,701,080	-	9,701,080	10,492
1,217,693	-	1,217,693	400,621
953,621	-	953,621	-
302,374	-	302,374	-
65,709	914	66,623	1,289
382,521	-	382,521	-
70,206	(70,206)	-	-
12,693,204	(69,292)	12,623,912	412,402
(565,227)	174,924	(390,303)	(234,786)
33,935,479	676,977	34,612,456	416,798
$ 33,370,252	$ 851,901	$ 34,222,153	$ 182,012

TOWN OF TROPHY CLUB, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Debt Service
ASSETS		
Cash and cash equivalents	$ 4,105,471	$ 150,531
Ad Valorem taxes receivable	47,696	13,577
Sales taxes receivable	155,039	-
Franchise taxes receivable	83,169	-
Accounts, net	834,489	-
Due from other governments	89,853	-
Due from other Funds	120,826	-
Prepaids	54,397	-
Total assets	$ 5,490,940	$ 164,108
LIABILITIES		
Accounts Payable	$ 421,094	$ -
Accrued liabilities	453,478	-
Due to other funds	1,722	-
Unearned revenue	249,219	-
Accrued Interest	-	7,782
Total liabilities	1,125,513	7,782
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-ad valorem taxes	46,250	13,152
Unavailable revenue-court fines	1,790	-
Unavailable revenue-emergency medical services	112,620	-
Unavailable revenue-property liens	10,605	-
Total deferred inflows of resources	171,265	13,152
FUND BALANCES (DEFICITS)		
Nonspendable for:		
Prepaids	54,397	-
Restricted for:		
PID Activities		
Debt Service	-	143,174
Capital projects	-	-
Tourism	-	-
Public Safety	-	-
Court	-	-
Committed for:		
Police	189,475	-
Recreation programs	-	-
Unassigned	3,950,290	-
Total fund balances (deficits)	4,194,162	143,174
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 5,490,940	$ 164,108

The notes to financial statements are an integral part of this statement.

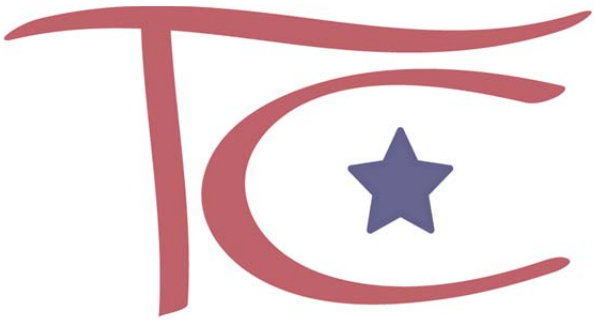
Capital Projects	Grant	PID No. 1	Total Nonmajor Governmental Funds	Total Governmental Funds
$ 9,350,184	$ 7,786	$ 3,869,425	$ 753,379	$ 18,236,776
-	-	-	-	61,273
-	-	-	76,313	231,352
-	-	-	-	83,169
11,531	-	-	37,429	883,449
-	-	-	-	89,853
-	-	-	1,722	122,548
-	-	-	-	54,397
$ 9,361,715	$ 7,786	$ 3,869,425	$ 868,843	$ 19,762,817
$ 596,779	$ -	$ -	$ 23,002	$ 1,040,875
-	-	-	-	453,478
-	-	-	42,155	43,877
-	-	-		249,219
-	-	-	-	7,782
596,779	-	-	65,157	1,795,231
-	-	-	-	59,402
-	-	-	-	1,790
-	-	-	-	112,620
-	-	-	-	10,605
-	-	-	-	184,417
-	-	-	-	54,397
		3,869,425		3,869,425
-	-	-	-	143,174
8,764,936	-	-	-	8,764,936
-	-	-	564,363	564,363
-	7,786	-	202,403	210,189
-	-	-	39,668	39,668
-	-	-		189,475
-	-	-	2,269	2,269
-	-	-	(5,017)	3,945,273
8,764,936	7,786	3,869,425	803,686	17,783,169
$ 9,361,715	$ 7,786	$ 3,869,425	$ 868,843	$ 19,762,817

TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances of governmental funds		$17,783,169
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		64,987,559
Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental fund financial statements. This amount is the net effect of:		
General Obligation Bonds	(12,375,000)	
Special Assessment Bonds	(25,710,479)	
Contractual Obligations	(7,961,000)	
Issuance premiums	(4,916,763)	
Net Pension liability	(2,835,287)	
OPEB liability	(88,400)	
Compensated absences	(185,626)	(54,072,555)
Deferred outflows (inflows) of resources not reported in the governmental funds:		
Deferred charge on refunding	3,581,091	
Pension contributions after measurement date	439,528	
Changes in actuarial assumptions used	276,440	
Difference in projected and actual earnings on pension assets	810,405	
Difference in expected and actual pension experience	(203,428)	4,904,036
Interest payable on long-term debt does not require the use of current financial resources; therefore, interest payable is not reported as liability in the governmental funds balance sheet.		(416,374)
Revenues earned but not available within sixty days of year-end are not recognized as revenue in the fund financial statements.		184,417
Net position of governmental activities		$33,370,252

$0

The notes to financial statements are an integral part of this statement.



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	General	Debt Service	Capital Projects
REVENUES			
Ad valorem taxes	$ 5,769,797	$ 1,697,654	$ -
Sales and mixed beverage taxes	821,227	-	-
Franchise taxes	953,622	-	-
Occupancy taxes	-	-	-
Licenses and permits	598,586	-	-
Intergovernmental	-	-	26,237
Charges for service	300,337	-	-
Fines and Fees	356,307	-	-
Investment income	33,477	3,032	28,335
Miscellaneous	259,315	-	-
Grant revenue	-	-	-
Total revenues	9,092,668	1,700,686	54,572
EXPENDITURES			
Current:			
General Government	-	-	13,602
Emergency medical services	907,161	-	-
Manager's office	826,562	-	-
Human resources	159,216	-	-
Finance	400,642	-	-
Information Services	469,364	-	-
Legal	307,245	-	-
Court	75,421	-	-
Police	2,168,115	-	-
Recreation	569,445	-	-
Facilities management	99,528	-	-
Parks	1,308,277	-	-
PID Activities	-	-	-
Community Development	576,508	-	-
Streets	356,472	-	-
Debt service:			
Bond Issuance Cost	-	-	198,650
Interest and Fiscal Charges	-	404,555	-
Principal retirement	-	1,378,000	-
Capital outlay:			
General Government	-	-	1,882,254
Emergency medical services	16,086	-	-
Information Services	9,002	-	-
Police	55,344	-	-
Parks	32,191	-	308,084
Recreation	89,074	-	-
Streets	-	-	820,526
Total expenditures	8,425,653	1,782,555	3,223,116
Excess (deficiency) of revenues over expenditures	667,015	(81,869)	(3,168,544)
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	-	9,455,000
Issue premium	-	-	537,946
Debt refunding - payment ot escrow agent	-	-	-
Transfers in	111,702	106,501	265,283
Transfers out	(275,744)	-	(19,295)
Total other financing source (uses)	(164,042)	106,501	10,238,934
Net change in fund balances	502,973	24,632	7,070,390
Fund Balances - beginning	3,691,189	118,542	1,694,546
Fund Balances - ending	$ 4,194,162	$ 143,174	$ 8,764,936

The notes to financial statements are an integral part of this statement.

Grant	PID No. 1	Total Nonmajor Governmental Funds	Total Governmental Funds
$ -	2,243,309	$ -	$ 9,710,760
-	-	396,467	1,217,694
-	-	-	953,622
-	-	302,374	302,374
-	-	-	598,586
-	-	-	26,237
-	-	10,398	310,735
-	-	6,102	362,409
-	-	864	65,708
-	144,769	3,334	407,418
7,942	-	-	7,942
7,942	2,388,078	719,539	13,963,485
-	-	72,961	86,563
4,290	-	-	911,451
-	-	-	826,562
-	-	-	159,216
-	-	-	400,642
-	-	-	469,364
-	-	-	307,245
-	-	6,856	82,277
-	-	25,221	2,193,336
-	-	14,343	583,788
-	-	-	99,528
-	-	-	1,308,277
-	81,793	-	81,793
-	-	-	576,508
-	-	210,455	566,927
			-
-	1,142,136	-	1,340,786
-	1,651,139	-	2,055,694
-	775,974	-	2,153,974
			-
-	-	44,871	1,927,125
-	-	-	16,086
-	-	-	9,002
-	-	102,869	158,213
-	-	-	340,275
-	-	-	89,074
-	-	35,208	855,734
4,290	3,651,042	512,784	17,599,440
3,652	(1,262,964)	206,755	(3,635,955)
-	26,154,979	-	35,609,979
-	4,482,842	-	5,020,788
-	(29,734,500)	-	(29,734,500)
10,461	-	-	493,947
-	-	(128,702)	(423,741)
10,461	903,321	(128,702)	10,966,473
14,113	(359,643)	78,053	7,330,518
(6,327)	4,229,068	725,633	10,452,651
$ 7,786	$ 3,869,425	$ 803,686	$ 17,783,169

TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds		$ 7,330,518
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and developer infrastructure contributions exceeded depreciation expense in the current period.		
Capital outlays	3,395,509	
Asset retirements/disposals	(25,794)	
Depreciation expense	(2,813,826)	555,889
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
2016 General obligation bond proceeds	(5,245,000)	
2016 Certificates of obligation proceeds	(4,210,000)	
2016 Special assessment proceeds	(26,154,979)	
Payment to escow agent	29,734,500	
Premium of debt issuances	(5,020,788)	
Debt principal paid	2,153,974	(8,742,293)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of premium	219,152	
Amortization of deferred loss on refunding	(189,413)	29,739
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Ad valorem taxes	(9,680)	
Emergency medical services	36,163	
Property liens	7,615	
Court fines	1,084	35,181
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	44,367	
Pension costs, net	(434,008)	
Accrued interest	630,964	
OPEB	(15,584)	225,739
Change in net position of governmental activities		$ (565,227)

TOWN OF TROPHY CLUB, TEXAS STATEMENT OF NET POSITION PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities		
	Trophy Club Park	Storm Drainage Utility	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 100	$ 291,435	$ 291,535
Accounts, net	-	70,603	70,603
Prepaids	2,334	-	2,334
Total current assets	2,434	362,038	364,472
Noncurrent assets:			
Infrastructure	-	2,039,766	2,039,766
Machinery and Equipment	24,112	-	24,112
Accumulated Depreciation	(4,220)	(74,312)	(78,532)
Total noncurrent assets	19,892	1,965,454	1,985,346
Total assets	22,326	2,327,492	2,349,818
LIABILITIES			
Current liabilities:			
Accounts Payable	7,487	103,760	111,247
Due to other funds	76,894	1,777	78,671
Accrued Interest	-	2,799	2,799
Total current liabilities	84,381	108,336	192,717
Noncurrent liabilities:			
Debt due within one year	-	149,419	149,419
Debt due in more than one year	-	1,155,781	1,155,781
Total noncurrent liabilities	-	1,305,200	1,305,200
Total liabilities	84,381	1,413,536	1,497,917
NET POSITION			
Net investment in capital assets	19,892	660,254	680,146
Unrestricted	(81,947)	253,702	171,755
Total net position	$ (62,055)	$ 913,956	$ 851,901

The notes to financial statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities		
	Trophy Club Park	Storm Drainage Utility	Total Proprietary Funds
OPERATING REVENUES			
Charges for service	$ 46,270	$ 420,664	$ 466,934
Grant Revenue	61,106	-	61,106
Total operating revenues	107,376	420,664	528,040
OPERATING EXPENSES			
Salaries and benefits	48,681	29,436	78,117
Supplies and materials	21,996	36,685	58,681
Repairs and maintenance	5,794	8,459	14,253
Utilities	9,065	-	9,065
Other operating expenses	21,378	30,919	52,297
Depreciation	2,411	43,460	45,871
Total operating expenses	109,325	148,959	258,284
Operating income (loss)	(1,949)	271,705	269,756
NONOPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	-	(25,540)	(25,540)
Investment income	-	914	914
Total nonoperating revenues (expenses)	-	(24,626)	(24,626)
Income (loss) before transfers	(1,949)	247,079	245,130
Transfers out	(8,000)	(62,206)	(70,206)
Change in net position	(9,949)	184,873	174,924
Total net position - beginning	(52,106)	729,083	676,977
Total net position - ending	$ (62,055)	$ 913,956	$ 851,901

The notes to financial statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TEXAS STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities		
	Trophy Club Park	Storm Drainage Utility	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 57,996	$ 665,895	$ 723,891
Grant receipts	61,106	-	61,106
Payments to employees	(48,681)	(29,436)	(78,117)
Payments to suppliers	(62,421)	(44,279)	(106,700)
Net cash provided (used) by operating activities	8,000	592,180	600,180
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(8,000)	(62,206)	(70,206)
Net cash provided by noncapital financing activities	(8,000)	(62,206)	(70,206)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(343,880)	(343,880)
Interest and fiscal charges paid on debt	-	(29,045)	(29,045)
Principal paid on debt	-	(145,000)	(145,000)
Net cash (used) by capital and related financing activities	-	(517,925)	(517,925)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase (decrease) in cash and cash equivalents	-	12,049	12,049
Balances - beginning of year	100	279,386	279,486
Balances - end of the year	$ 100	$ 291,435	$ 291,535
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (loss)	$ (1,949)	$ 271,705	$ 269,756
Adjustments to reconcile operating income to net cash provided:			
Depreciation	2,411	43,460	45,871
Changes in assets and liabilities:			
Increase (Decrease) in:			
Accounts Receivable	1,026	(37,135)	(36,109)
Prepaid	1,509	-	1,509
Deferred Outflows of Resources			
Increase (Decrease) in:			
Accounts Payable and accrued liabilities	(5,697)	31,784	26,087
Repayments of amounts from other funds	10,700	282,366	293,066
Net pension liability	-	-	-
Net cash provided (used) by operating activities	$ 8,000	$ 592,180	$ 600,180

The notes to financial statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF NET POSITION DISCRETELY PRESENTED
COMPONENT UNITS
SEPTEMBER 30, 2016

	4B Economic Development Corporation	Tax Increment Reinvestment Zone #1	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	$ 496,358	$ 20,765	$ 517,123
Sales taxes receivable	76,883	-	76,883
Inventory	2,538,765	-	2,538,765
Total current assets	3,112,006	20,765	3,132,771
Noncurrent assets:			
Unamortized bond insurance	10,742	-	10,742
Total noncurrent assets	10,742	-	10,742
Total assets	3,122,748	20,765	3,143,513
LIABILITIES			
Current liabilities:			
Accounts payable	-	400,000	400,000
Interest payable	1,707	-	1,707
Total current liabilities	1,707	400,000	401,707
Noncurrent liabilities:			
Debt due within one year	98,667	-	98,667
Debt due in more than one year	2,461,127	-	2,461,127
Total noncurrent liabilities	2,559,794	-	2,559,794
Total liabilities	2,561,501	400,000	2,961,501
NET POSITION			
Unrestricted	561,247	(379,235)	182,012
Total net position	$ 561,247	$ (379,235)	$ 182,012
	-		

The notes to financial statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TX
COMBINING STATEMENT OF ACTIVITIES DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position: 4B Economic Development Corporation	Net (Expense) Revenue and Changes in Net Position: Tax Increment Reinvestment Zone #1	Total Component Units
Economic Development Corporation					
4B Economic Development Corp.	$ 247,188	$ -	$ (247,188)	$ -	$ (247,188)
Total Economic Development Corporation	247,188	-	(247,188)	-	
Tax Increment Investment Zone #1	400,000	-	-	(400,000)	(400,000)
Total Tax Increment Reinvestment Zone #1	400,000	-	-	(400,000)	(400,000)
Total component units	$ 647,188	$ -	$ (247,188)	$ (400,000)	$ (647,188)
	General revenues:				
	Ad valorem		-	10,492	10,492
	Sales and mixed beverage taxes		400,621	-	400,621
	Investment income		1,289	-	1,289
	Total general revenues		401,910	10,492	412,402
	Change in net position		154,722	(389,508)	(234,786)
	Net position - beginning		406,525	10,273	416,798
	Net position - ending		$ 561,247	$ (379,235)	$ 182,012

The notes to financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Trophy Club (the "Town") is a "home rule town" incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: council, public safety (police and emergency medical services), parks, public works (public improvements, streets, planning and zoning), and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

The following entities were found to be discretely presented component units of the Town and are included in the financial statements:

Discretely Presented Component Units

The 4B Economic Development Corporation (4B) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the 4B and affect the day-to-day operations of the 4B by removing appointed board members at will. The scope of public service of the 4B benefits the Town and its citizens and is operated within the geographic boundaries of the Town.

The Tax Increment Investment Zone #1 (TIRZ #1) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the TIRZ #1 and affect the day-to-day operations of the TIRZ #1 by removing appointed board members at will. The scope of public service of the TIRZ #1 benefits the Town and its citizens and is operated within the geographic boundaries of the Town.

Separate financial statements for the individual component units are not prepared.

Blended Component Units

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention Act. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. Since the CCPD provides services entirely to the Town, it has been reported as a blended component unit.

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary and fiduciary activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. A separate financial statement is provided for the agency fund even though it is excluded from the government-wide statements.

1. Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following **Major governmental funds**:

General Fund

The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.

Grant Fund

This fund is used to account for grant monies received by and expended by the Town.

Public Improvement District (PID) No. 1 Debt Service Agency Fund

This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town as an agent for the Public Improvement District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

In addition, the Town reports the following **Non-major governmental funds**:

Hotel Occupancy Tax Fund

This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund

Accounts for sales taxes specifically restricted for street improvements.

Anniversary Fund

Accounts for contributions restricted for the Town's 25th anniversary celebration.

Court Technology Fund

Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund

Accounts for court fees specifically restricted for court security expenses.

Crime Control and Prevention District Fund

Accounts for sales taxes specifically restricted for crime control and prevention.

Recreation Programs Fund

Accounts for revenues and expenditures associated with recreational programs.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Trophy Club Park enterprise fund and the Town Storm Drainage enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and repairs and maintenance. All revenues and expenses not meeting the above definitions are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town has presented the following major Proprietary funds:

Trophy Club Park Fund

This fund is utilized to account for funds received and expended for the maintenance of park land.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Town Storm Drainage Fund

Accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The governmental, government-wide, and proprietary fund financial statements follow the accounting set forth by the Government Accounting Standards Board.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements are reported using the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

F. Fair Value Measurement

The Town has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

G. Prepaid Items

Prepaid items represent costs such as postage deferred to subsequent periods.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental and business-type activities columns in the government-wide financial statements as well as in the proprietary fund financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest in the amount of $5,139 was capitalized during the current fiscal year.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

I. Accumulated Vacation, Compensated Time and Sick Leave

It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements and fund financial statements for proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as any deferred loss on the refunding of bonds are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions.* The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe the constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

formal action of the Town Council, which is the highest level of decision-making authority for the Town. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the Town Council or by their designated body or the Assistant Town Manager/CFO. The intention of use must be provided, in writing, by the Town Council or their designated body to the Assistant Town Manager/CFO, or by the Assistant Town Manager/CFO to the Town Council or their designated body.

Unassigned fund balance represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Additionally, the implementation of GASB No. 54 required the Town to evaluate the classification of Special Revenue Funds. In accordance with GASB No. 54 Special Revenue Funds are used only to account for specific revenue sources that are externally restricted or committed by the government's highest level of decision making authority for specific purposes other than debt service or capital projects.

L. Deferred outflows/ inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has four items that qualify for reporting in this category. They include the deferred charge on refunding reported in the government-wide statement of net position, pension plan contributions made after December 31st, 2015 reported in the government-wide statement of net position, changes in actuarial assumptions used reported in the government-wide statement of net position, the difference in projected and actual earnings on pension assets reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Pension plan contributions made after the pension plan's measurement period of December 31st, 2015 are recorded as a deferred outflow. Investment experience is the difference in projected and actual earnings on pension plan investments and is reported as a deferred outflow. The difference in liabilities from one year to another due to the change actuarial assumptions used is reported as a deferred outflow.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has two types of this item, one which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and one that arises under a full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, court fines, emergency medical services, franchise taxes and property liens. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows are recognized on the statement of net position in relation to pension plan actuarial gains or losses associated with the difference in expected and actual experience.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

N. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Net Position

In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. CASH AND INVESTMENTS

At September 30, 2016, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $6,807,184 and the respective bank balances were $6,867,817. The Town's cash on hand totaled $1,701. The Town's cash deposits at September 30, 2016 and during the year ended September 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Legal and contractual provisions governing deposits and investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, and (8) investment staff quality and capabilities.

Statutes and the Town's investment policy authorize the Town to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	2 years	85%	NA
U.S. Agencies Securities	2 years	85%	NA
State of Texas Securities	2 years	85%	NA
Certificates of Deposits	2 years	85%	NA
Municipal Securities	2 years	85%	NA
Money Market	2 years	50%	NA
Mutual Funds	2 years	50%	NA
Investment pools	2 years	100%	NA

The Act also requires the Town to have independent auditors perform test procedures related to investment practices as provided by the Act. The Town is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2016 are classified in the accompanying financial statements as follows:

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Statement of Net Position	
Primary Government:	
Cash and cash equivalents	$ 14,658,886
Fiduciary Fund:	
Cash and cash equivalents	3,869,425
Component Unit:	
Cash and cash equivalents	517,123
Total cash and cash equivalents	$ 19,045,434

Cash on hand	$ 1,701
Deposits with financial institutions	6,807,184
Investments	12,236,549
Total cash and investments	$ 19,045,434

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The Town monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town has no specific limitations with respect to this metric.

As of September 30, 2016, the Town had the following investments:

Investments	Amount	Weighted Average Maturity
Lone Star	$ 48,740	54 days
LOGIC	1,159,046	45 days
Texas CLASS	10,061,866	55 days
TexPool	966,897	45 days
Certificates of Deposit	2,212,191	311 days
Total Investments	$ 14,448,740	

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Investments	Amount	Weighted Average Maturity
Lone Star	$ 48,740	54 days
LOGIC	1,159,046	45 days
Texas CLASS	10,061,866	55 days
TexPool	966,897	45 days
Certificates of Deposit	2,212,191	311 days
Total Investments	$ 14,448,740	

As of September 30, 2016, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

Investments	Amount	Weighted Average Maturity
Lone Star	$ 48,740	54 days
LOGIC	1,159,046	45 days
Texas CLASS	10,061,866	55 days
TexPool	966,897	45 days
Certificates of Deposit	2,212,191	311 days
Total Investments	$ 14,448,740	

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Local Government Investment Pool	Minimum Legal Rating	Rating as of Year End
Lone Star	AAAm	AAAm
LOGIC	AAAm	AAAm
TexPool	AAAm	AAAm
Texas CLASS	AAAm	AAAm

Concentration of credit risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2016, other than external investment pools, the Town did not have 5% or more of its investment with one issuer.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less FDIC insurance at all times.

As of September 30, 2016, the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Investment in state investment pools

The Town is a voluntary participant in TexPool, LOGIC, Lone Star, and Texas CLASS investment pools.

The Texas Local Government Investment Pools (TexPool) have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the TexPool Portfolios. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. The TexPool Portfolios are comprised of two investment alternatives: TexPool and TexPool Prime. This Information Statement relates only to TexPool. TexPool may invest in obligations of the United States Government or its agencies and instrumentalities, and repurchase agreements.

The Comptroller maintains oversight of the services provided to the TexPool Portfolios by Federated. In addition, the TexPool Advisory Board advises on the Investment Policies for the TexPool Portfolios and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

LOGIC's governing body is a five-member Board of Directors comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Cooperative.

The Lone Star Investment Pool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The objective of the Pool is to maintain the safety of principal, while providing participating government entities with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A Participant's sole source of payment from its investment in the Pool is the market value of such assets; although the Pool seeks to preserve the value of a Participant's investment, it is possible to lose money by investing in the Pool.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

NOTE 3. RECEIVABLES

Year-end receivable balances for the government's individual major funds, nonmajor governmental funds in the aggregate, individual business-type activities, and individual component units, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General	Debt Service	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Activities
Receivables					
Property taxes	$ 47,696	$ 13,577	$ -	$ -	$ 61,273
Franchise taxes	83,169	-	-	-	83,169
Sales taxes	155,039	-	-	76,313	231,352
Hotel occupancy taxes	-	-	-	37,429	37,429
Accounts	1,135,461	-	11,531	-	1,146,992
Gross receivables	1,421,365	13,577	11,531	113,742	1,560,215
Less: allowance	(300,972)	-	-	-	(300,972)
Net total receivables	$ 1,120,393	$ 13,577	$ 11,531	$ 113,742	$ 1,259,243

The September 30, 2016 Due from Other Governments of governmental activities balance is comprised of $1,665 due from the PID administrator for purchases made by the Town and $88,188 due from Trophy Club Municipal Utility District No. 1 for permitting services rendered and Fire payroll reimbursements.

Business-Type Activities	Storm Drainage Utility	Trophy Club Park	Total Business-Type Activities
Receivables			
Accounts	$ 70,603	$ -	$ 70,603
Gross receivables	70,603	-	70,603
Less: allowance	-	-	-
Net total receivables	$ 70,603	$ -	$ 70,603

NOTE 3. RECEIVABLES – CONTINUED

Component Units	Economic Development Corporation (EDC 4B)	Tax Increment Reinvestment Zone #1 (TIRZ #1)	Total Component Units
Receivables			
Sales taxes	$ 76,883	$ -	$ 76,883
Gross receivables	76,883	-	76,883
Less: allowance	-	-	-
Net total receivables	$ 76,883	$ -	$ 76,883

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	$ 10,446,722	$ -	$ -	$ 10,446,722
Construction in progress	635,782	3,059,239	(994,492)	2,700,529
Total capital assets not depreciated	11,082,504	3,059,239	(994,492)	13,147,251
Capital assets being depreciated:				
Buildings	1,993,440	-	-	1,993,440
Improvements other than buildings	54,865,731	88,914	994,492	55,949,137
Machinery and equipment	2,012,512	178,362	(125,242)	2,065,632
Vehicles	1,154,666	68,993	(44,814)	1,178,845
Water system	5,362,005	-	-	5,362,005
Infrastructure	14,332,062	-	-	14,332,062
Total capital assets being depreciated	79,720,416	336,269	824,436	80,881,121
Less accumulated depreciation for:				
Buildings	(735,131)	(50,630)	-	(785,761)
Improvements other than buildings	(18,541,553)	(1,898,799)	-	(20,440,352)
Machinery and equipment	(1,052,542)	(181,508)	99,447	(1,134,603)
Vehicles	(853,254)	(127,804)	44,814	(936,244)
Water system	(753,070)	(175,767)	-	(928,837)
Infrastructure	(4,435,699)	(379,317)	-	(4,815,016)
Total accumulated depreciation	(26,371,249)	(2,813,825)	144,261	(29,040,813)
Total capital assets being depreciated, net	53,349,167	(2,477,556)	968,697	51,840,308
Governmental activities capital assets, net	$ 64,431,671	$ 581,683	$ (25,795)	$ 64,987,559

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General government	$ 41,123
Emergency medical services	45,377
Information systems	32,868
Police	127,579
Parks and recreation	690,560
Community development	29,291
Streets and drainage	1,527,973
Water and sewer	319,054
Total depreciation expense	$ 2,813,825

NOTE 4. CAPITAL ASSETS - CONTINUED

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Business-Type Activities:				
Capital assets not depreciated:				
Construction in progress	$ 78,478	$ 180,033	$ (258,511)	$ -
Total capital assets not depreciated	78,478	180,033	(258,511)	-
Capital assets being depreciated:				
Machinery and equipment	24,112	-	-	24,112
Infrastructure	1,617,408	163,847	258,511	2,039,766
Total capital assets being depreciated	1,641,520	163,847	258,511	2,063,878
Less accumulated depreciation for:				
Machinery and equipment	(1,808)	(2,411)	-	(4,219)
Infrastructure	(30,852)	(43,461)	-	(74,313)
Total accumulated depreciation	(32,660)	(45,872)	-	(78,532)
Total capital assets being depreciated, net	1,608,860	117,975	258,511	1,985,346
Business-type activities capital assets, net	$ 1,687,338	$ 298,008	$ -	$ 1,985,346

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables balances at September 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Trophy Club Park Fund	76,894	Flooding at park has created negative net position
General Fund	Storm Drainage Fund	1,777	Reimbursable expenditures moved to General Fund
General Fund	Nonmajor Governmental Funds	42,155	Reimbursable expenditures moved to General Fund
Nonmajor Governmental Funds	General Fund	1,722	Reimbursable expenditures moved to Street Maintenance
	Total	$ 122,548	

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - CONTINUED

Transfers between funds during the year are as follows:

Transfer In	Transfer Out	Amount	Purpose
Debt Service Fund	Storm Drainage Fund	$ 62,206	Debt Service
Debt Service Fund	Non-major Governmental Funds	25,000	Debt Service
Debt Service Fund	Capital Projects Fund	19,295	Debt Issuance
Grants Fund	General Fund	10,461	Clear Prior Year Balances
Capital Projects Fund	General Fund	265,283	Capital Projects Funded by Operations
General Fund	Trophy Club Park Fund	8,000	Administrative Support
General Fund	Non-major Governmental Funds	103,702	Administrative/Operational Support
	Total	$ 493,947	

NOTE 6. LONG-TERM DEBT

The Town periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The Town also periodically utilizes notes and capital leases to provide financing for general government purposes.

At September 30, 2016, the Town's long-term debt consisted of the following:

Governmental Activities:

Description	Interest Rate	Year of Issue	Final Maturity	Original Amount	Balance 9/30/2016
General Obligation Bonds:					
Improvements	4.00-5.00 %	2007	2018	$ 3,260,000	$ 320,000
Improvements	3.00-4.13 %	2010	2030	5,000,000	3,970,000
Refunding	2.00-4.00 %	2010	2022	2,790,000	1,160,000
Refunding	2.18% %	2015	2025	2,030,000	1,680,000
Improvements	2.00-3.00 %	2016	2036	5,245,000	5,245,000
					$ 12,375,000
Contractual Obligations:					
Combination Tax and Revenue-Series 2004	3.50-4.75 %	2004	2024	$ 650,000	$ 266,000
Certificates of Obligation Series 2013	2.50-3.25 %	2013	2028	1,300,000	1,160,000
Certificates of Obligation Series 2014	2.00-3.75 %	2014	2034	2,500,000	2,325,000
Certificates of Obligation Series 2016	2.00-4.00 %	2016	2036	4,210,000	4,210,000
Special Assessment Revenue Refunding Bonds Series 2015	2.00-3.25 %	2015	2033	26,154,979	25,710,479
					$ 33,671,479

NOTE 6. LONG-TERM DEBT - CONTINUED

Business-type Activities:

Description	Interest Rate	Year of Issue	Final Maturity	Original Amount	Balance 9/30/2016
Contractual Obligations:					
Certificates of Obligation Series 2013	2.50-3.00 %	2013	2024	$ 1,700,000	$ 1,275,000
					$ 1,275,000

Component Units:

Description	Interest Rate	Year of Issue	Final Maturity	Original Amount	Balance 9/30/2016
Contractual Obligations:					
Certificates of Obligation Series 2015	1.00-4.75 %	2015	2035	$ 2,690,000	$ 2,585,000
					$ 2,585,000

In May, 2016 the Town issued $5,245,000 in General Obligation Bonds for the purpose of constructing a new Town Hall and $4,210,000 in Certificates of Obligation, of which $2,260,000 is for the purpose of partially funding a the police portion of a new Town Hall (reimbursed by the Crime Control and Prevention District) and $1,950,000 for street reconstruction projects.

NOTE 6. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 8,305,000	$ 5,245,000	$ (1,175,000)	$ 12,375,000	$ 925,000
Contractual Obligations	3,954,000	4,210,000	(203,000)	7,961,000	338,000
Special Assessment Bond	26,481,000	26,154,979	(26,925,500)	25,710,479	237,004
Issuance Premium	115,126	5,020,788	(219,151)	4,916,763	39,459
Net Pension Liability	1,851,461	983,826	-	2,835,287	-
OPEB Liability	72,816	15,584	-	88,400	-
Compensated Absences	229,994	170,678	(215,046)	185,626	37,432
Total Governmental Activities Long-term Liabilities	$41,009,397	$ 41,800,855	$(28,737,697)	$ 54,072,555	$ 1,576,895

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Contractual Obligations	$ 1,420,000	$ -	$ (145,000)	$ 1,275,000	$ 145,000
Issuance Premium	34,619	-	(4,419)	30,200	4,419
Total Business-type Activities Long-term Liabilities	$ 1,454,619	$ -	$ (149,419)	$ 1,305,200	$ 149,419

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Contractual Obligations	$ 2,690,000	$ -	$ (105,000)	$ 2,585,000	$ 100,000
Issuance Discount	(26,539)	-	1,333	(25,206)	(1,333)
Total Component Unit Long-term Liabilities	$ 2,663,461	$ -	$ (103,667)	$ 2,559,794	$ 98,667

NOTE 6. LONG-TERM DEBT – CONTINUED

The annual requirements to amortize long-term debt outstanding of governmental activities as of September 30, 2016, are as follows:

General Obligation Bonds

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2017	925,000	422,864	1,347,864
2018	810,000	351,933	1,161,933
2019	835,000	326,311	1,161,311
2020	870,000	302,983	1,172,983
2021	890,000	276,287	1,166,287
2022-2026	3,785,000	970,776	4,755,776
2027-2031	2,740,000	442,681	3,182,681
Total	$ 12,375,000	$ 3,219,099	$ 15,594,099

Contractual Obligations

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2017	338,000	273,815	611,815
2018	378,000	226,153	604,153
2019	388,000	215,601	603,601
2020	403,000	203,208	606,208
2021	408,000	190,272	598,272
2022-2026	2,211,000	743,354	2,954,354
2027-2031	2,075,000	429,331	2,504,331
2032-2036	1,760,000	148,600	1,908,600
Total	$ 7,961,000	$ 2,430,334	$ 10,391,334

Special Assessment Bonds

Year Ending	Compnent -Unit Activities		Total
September 30,	Principal	Interest	Requirements
2017	237,004	1,869,777	2,106,781
2018	77,898	2,058,884	2,136,782
2019	25,577	2,141,204	2,166,781
2020	1,282,000	911,781	2,193,781
2021	1,346,000	886,081	2,232,081
2022-2026	7,810,000	3,845,130	11,655,130
2027-2031	10,060,000	2,444,512	12,504,512
2032-2033	4,872,000	370,250	5,242,250
Total	$ 25,710,479	$ 14,527,619	$ 40,238,098

NOTE 6. LONG-TERM DEBT – CONTINUED

The annual requirements to amortize long-term debt outstanding of business-type activities as of September 30, 2016, are as follows:

Contractual Obligations

Year Ending	Business-type Activities		Total
September 30,	Principal	Interest	Requirements
2017	145,000	31,775	176,775
2018	150,000	28,088	178,088
2019	155,000	24,275	179,275
2020	155,000	20,400	175,400
2021	160,000	16,462	176,462
2022-2024	510,000	22,407	532,407
Total	$ 1,275,000	$ 143,407	$ 1,418,407

The annual requirements to amortize long-term debt outstanding of component units as of September 30, 2016, are as follows:

Contractual Obligations

Year Ending	Compnent -Unit Activities		Total
September 30,	Principal	Interest	Requirements
2017	100,000	102,423	202,423
2018	100,000	100,823	200,823
2019	105,000	99,023	204,023
2020	105,000	96,555	201,555
2021	110,000	93,668	203,668
2022-2026	600,000	408,713	1,008,713
2027-2031	740,000	273,300	1,013,300
2032-2035	725,000	88,113	813,113
Total	$ 2,585,000	$ 1,262,615	$ 3,847,615

The general fund has been used to liquidate compensated absences and capital lease liabilities.

A deferred charge resulting from the issuance of the 2010 and 2015 general obligation refunding bonds and 2015 special assessment refunding bonds have been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. The net balance outstanding as of September 30, 2016 was $3,581,091. Current year amortization expense totaled $189,413.

NOTE 7. ADVANCE REFUNDING

On December 10, 2015, PID No. 1 issued $26,154,979 in special assessment refunding bonds with an interest rate of 2% to 3.25%. The proceeds were used to advance refund $26,155,000 of outstanding 2007 special assessment bonds which had an interest rate of 7.75%. The total proceeds generated with the refunding was $30,637,821, which included the $26,154,979 in bond principal and a premium on issuance of $4,482,842. The net proceeds received were $29,495,685 (after payment of $179,005 in underwriting discount and $963,131 in other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The PID also contributed $238,815 as a part of the refunding. The 2007 bond obligations are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $3,579,500. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments by 4 years and by $16,439,662, and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $11,681,290.

NOTE 8. PROPERTY TAX

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all residential and commercial property located in the Town. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Town Council.

Taxes are due on October 1, the levy date, and are delinquent if unpaid by the following January 31; after which time the Town has an enforceable lien with respect to both real and personal property.

Under state law, property taxes levied on real property constitute a perpetual lien which cannot be forgiven without specific approval of the State Legislature. Penalties and interest are included for any payment received after January 31.

Property tax revenue is recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes. Uncollectible personal property taxes can be written off upon expiration of the five year statute of limitations.

NOTE 9. PENSION PLAN

Texas Municipal Retirement System

Plan Description and Benefits Provided

The Town of Trophy Club provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the town, within the options available in the state statutes governing TMRS.

NOTE 9. PENSION PLAN – CONTINUED

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and Town-financed monetary credits, with interest. Monetary credits for service since the plan began are a percentage (200%) of the employee's accumulated contributions.

In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the Town were as follows:

Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	30% of CPI Repeating

The Town also participates in Social Security.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled but not yet receiving benefits	81
Active employees	71
Total	180

Contributions

Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion

NOTE 9. PENSION PLAN – CONTINUED

of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that

town. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. Both the employees and the Town make contributions monthly.

Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2014 valuation is effective for rates beginning January 2016).

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2015, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return

NOTE 9. PENSION PLAN – CONTINUED

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.0% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Liability	Net Position	Liability
Balance at 12/31/2014	(a)	(b)	(a) - (b)
Changes for the year:	$ 14,967,739	$ 13,116,278	$ 1,851,461
Service Cost	804,453	-	804,453
Interest	1,053,745	-	1,053,745
Difference between expected and actual experience	(237,279)	-	(237,279)
Changes in assumptions	368,895	-	368,895
Contributions - employer	-	658,543	(658,543)
Contributions - employee	-	340,458	(340,458)
Net Investment Income	-	19,357	(19,357)
Benefit payments, including refunds of employee contributions	(632,921)	(632,921)	-
Administrative expense	-	(11,788)	11,788
Other Changes		(582)	582
Net Changes	1,356,893	373,067	983,826
Balance at 12/31/2015	$ 16,324,632	$ 13,489,345	$ 2,835,287

NOTE 9. PENSION PLAN – CONTINUED

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Town's net pension liability	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	$ 5,484,790	$ 2,835,287	$ 696,836

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2016, the Town recognized an increase in pension expense of $1,061,428. This amount is included as part of expenses within the functional program activities.

At September 30, 2016, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 439,528	$ -
Difference between projected and actual investment earnings	810,405	-
Difference between actuarial assumptions and actual experience	-	203,428
Changes in actuarial assumptions used	276,440	-
Total	$ 1,526,373	$ 203,428

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $439,528 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the Town's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended Dec 31	
2016	$ 231,360
2017	231,360
2018	240,939
2019	179,758
Total	$ 883,417

NOTE 9. PENSION PLAN – CONTINUED

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate increased projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. The Town has experienced some upward pressure on its total pension liability and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides post-employment medical, dental, and vision benefits (OPEB) for eligible retirees, their spouses and dependents through TML Intergovernmental Employee Benefits Pool, which covers both active and retired members.

As of September 30, 2016, membership consisted of:

Retirees and beneficiaries receiving benefits	-
Active employees	69
Total	69

The three optional benefit levels, TML Plan P85-50-20, TML Plan P85-100-25 and TML Plan P85-200-43.5, are the same for retirees as those afforded to active employees. Regular full-time employees retiring from the Town have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan.

Funding Policy

The benefit levels and contribution rates are approved annually by the Town management and the Town Council as part of the budget process. By the Town not contributing anything toward this plan in advance, the Town employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

	TML Plan P85-50-20	TML Plan P85-100-25	TML Plan P85-200-43.5
Single Coverage	$ 932	$ 891	$ 661
Single + Spouse	$ 2,595	$ 2,383	$ 1,765
Single + Children	$ 1,821	$ 1,689	$ 1,252
Single + Family	$ 3,288	$ 3,003	$ 2,225

An irrevocable trust has not been established; therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is calculated based on the annual required contribution of the Town (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	$	15,320
Interest on net OPEB obligation		3,277
Adjustment to annual required contribution		(3,013)
Annual OPEB cost		15,584
Contributions made		-
Change in OPEB obligation		15,584
Net OPEB obligation (asset) - beginning of year		72,816
Net OPEB obligation (asset) - end of year	$	88,400

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015, and 2016 were as follows:

Fiscal Year	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 15,141	0.00%	$ 57,136
2015	$ 15,680	0.00%	$ 72,816
2016	$ 15,584	0.00%	$ 88,400

Funded Status and Funding Progress

As of October, 2015 the most recent actuarial valuation date, the actuarial accrued liability for benefits was $90,490, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2016 was $4,822,763, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.88%.

Actuarial Methods and Assumptions

Projections of benefits are based on substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Town and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

In the October, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5% after 7 years. The rate of inflation is assumed to be 3%.

NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance to protect against these various risks of loss. There was no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

NOTE 12. PUBLIC UTILITY DISTRICT NO. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club Public Improvement District No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code.

On December 13, 2007 the Trophy Club Town Council approved the issuance and sale of $27,500,000 in bonds, known as Trophy Club Public Improvement No. 1 Special Assessment Revenue Bonds, Series 2007. These bonds were authorized in order to finance the authorized improvements found in the Service and Assessment Plan. An Assessment on each property located in the District will repay the bonds. The Town is acting only as an agent and has no obligation to support payment of the bonds, directly or indirectly.

The Service and Assessment Plan included the following projects: Thoroughfare Improvements, Water Distribution System Improvements, Wastewater Collection System Improvements, Trails and Open Space, Elevated Water Storage, Thoroughfare Landscaping and Irrigation, Screening Walls and Entry Features, Public Parks, Drainage Improvements, and Construction Administration.

In December, 2015 the Town refunded the Public Improvement District No. 1 bonds. Total interest savings for the over 1,400 residences in the Public Improvement District exceeded $16.4M, with a net present value savings of over 33% of the refunded amount.

NOTE 13. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statements which will become effective in future years.

Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Town in fiscal year 2018.

Statement No. 77, “Tax Abatement Disclosures” – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the Town in fiscal year 2017.

Management has not yet determined the effect of these statements on the financial statements.

NOTE 14. RESTATEMENT OF PRIOR YEAR

The Town restated its beginning net position within government activities and governmental fund balance for the PID No. 1 to properly reflect the financial results as a governmental type fund rather than agency fund. The results of this change are noted below.

	Governmental Activities
Prior year ending net position, as reported	$ 57,207,311
Addition of PID No. 1 to governmental activities Restated	(23,271,832)
beginning net position	$ 33,935,479

	PID No. 1
Prior year ending governmental fund balance, as reported	$ 0
Addition of PID No. 1 to governmental type funds Restated	4,229,068
beginning fund balance	$ 4,229,068

NOTE 15. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that have occurred from October 1, 2017 up until June 8, 2017, the date the financial statements were issued, and determined that there are no transactions requiring additional recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TROPHY CLUB, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

	Measurement Year 2015	Measurement Year 2014
Total pension liability:		
Service cost	$ 804,453	$ 809,057
Interest	1,053,745	970,682
Changes in benefit terms	-	(1,544,038)
Difference between expected and actual experience	(237,279)	(49,303)
Changes in assumptions	368,895	-
Benefit payments, including refunds of employment contributions	(632,921)	(450,100)
Net change in total pension liability	1,356,893	(263,702)
Total pension liability - beginning	14,967,739	15,231,441
Total pension liability - ending (a)	16,324,632	14,967,739
Plan fiduciary net position:		
Contributions - employer	658,543	660,364
Contributions - employee	340,458	316,613
Net investment income	19,357	681,774
Benefit payments, including refunds of employment contributions	(632,921)	(450,100)
Administrative expense	(11,788)	(7,117)
Other	(582)	(585)
Net change in fiduciary net position	373,067	1,200,949
Plan fiduciary net position - beginning	13,116,278	11,915,329
Plan fiduciary net position - ending (b)	13,489,345	13,116,278
Net pension liability - ending (a) - (b)	$ 2,835,287	$ 1,851,461
Plan fiduciary net position as a percentage of total pension liability	82.63%	87.63%
Covered employee payroll	$ 4,863,685	$ 4,523,041
Net pension liability as a percentage of covered employee payroll	58.30%	40.93%

As of December 31

TOWN OF TROPHY CLUB, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS

Fiscal Year	(1) Actuarially determined contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered employee payroll	(5) Actuarially determined contributions as a percentage of covered employee payroll (1) / (4)	(6) Contributions as a percentage of covered employee payroll (2) / (4)
2012	$ 664,248	$ 664,248	$ -	$ 4,778,595	13.90%	13.90%
2013	632,149	632,149	-	4,498,524	14.05%	14.05%
2014	662,072	662,072	-	4,346,566	15.23%	15.23%
2015	642,631	642,631	-	4,617,652	13.92%	13.92%
2016	627,419	627,419	-	4,822,763	13.01%	13.01%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rate for 2016:

Actuarial Cost Method	Entry Age Normal
Amortization Period	Level Percent of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

TOWN OF TROPHY CLUB, TEXAS
RETIREE HEALTH PLAN
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED SEPTEMBER 30, 2016

	2016	2015	2014
Annual required contribution	$ 15,320	$ 15,491	$ 15,002
Interest on prior year Net OPEB obligation	3,277	2,571	1,890
Adjustment to annual required contribution	(3,013)	(2,382)	(1,751)
Annual OPEB cost	15,584	15,680	15,141
Contributions made	-	-	-
Increase in net OPEB obligation	15,584	15,680	15,141
Net Obligation - beginning of year	72,816	57,136	41,995
Net Obligation - end of year	$ 88,400	$ 72,816	$ 57,136
Percentage of OPEB costs contributed	0.00%	0.00%	0.00%
Actuarial accrued liability	$ 90,490	$ 90,490	$ 88,691
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	$ 90,490	$ 90,490	$ 88,691
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	4,822,763	4,617,652	4,346,566
Unfunded actuarial accrued liability as a percentage of covered payroll	1.88%	1.96%	2.04%

TOWN OF TROPHY CLUB, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	$ 5,801,544	$ 5,809,044	$ 5,769,797	$ (39,247)
Sales and mixed beverage taxes	753,125	793,125	821,227	28,102
Franchise taxes	947,257	972,257	953,622	(18,635)
Licenses and permits	558,606	598,606	598,586	(20)
Charges for service	274,909	274,909	300,337	25,428
Fines and Fees	420,359	347,859	356,307	8,448
Investment income	18,000	26,000	33,477	7,477
Miscellaneous	240,000	260,000	259,315	(685)
Total revenues	9,013,800	9,081,800	9,092,668	10,868
EXPENDITURES				
Current:				
Emergency medical services	898,059	915,059	907,161	7,898
Manager's office	843,529	852,529	826,562	25,967
Human resources	123,872	168,872	159,216	9,656
Finance	410,419	410,419	400,642	9,777
Information Services	481,799	461,799	469,364	(7,565)
Legal	196,972	311,972	307,245	4,727
Court	87,077	82,077	75,421	6,656
Police	2,307,071	2,282,071	2,168,115	113,956
Recreation	610,528	594,528	569,444	25,084
Facilities management	112,079	112,079	99,528	12,551
Parks	1,366,195	1,331,195	1,308,278	22,917
Community Development	582,726	612,726	576,508	36,218
Streets	420,120	380,120	356,472	23,648
Total current	8,440,446	8,515,446	8,223,956	291,490
Capital outlay:				
Emergency medical services	18,000	18,000	16,086	1,914
Information Services	49,463	49,463	9,002	40,461
Police	45,800	45,800	55,344	(9,544)
Parks	22,600	22,600	32,191	(9,591)
Recreation	80,000	80,000	89,074	(9,074)
Total capital outlay	215,863	215,863	201,697	14,166
Total expenditures	8,656,309	8,731,309	8,425,653	305,656
Excess (deficiency) of revenues over expenditures	357,491	350,491	667,015	316,524
OTHER FINANCING SOURCES (USES)				
Transfers in	111,000	111,000	111,702	702
Transfers out	(385,000)	(548,000)	(275,744)	272,256
Total other financing source (uses)	(274,000)	(437,000)	(164,042)	272,958
Net change in fund balances	83,491	(86,509)	502,973	589,482
Fund balances - beginning	3,691,189	3,691,189	3,691,189	-
Fund balances - ending	$ 3,774,680	$ 3,604,680	$ 4,194,162	$ 589,482

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. BUDGETARY CONTROL

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1 in accordance with state law. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearing(s) are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance.

4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

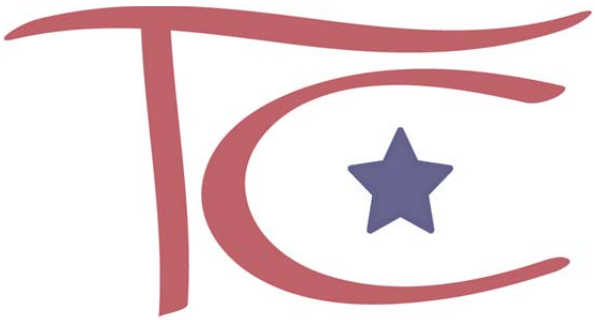
Annual appropriated budgets are consistent with U.S. generally accepted accounting principles and are legally adopted for the general fund.

All appropriations lapse on September 30 of the fiscal year.

COMBINING AND BUDGETARY COMPARISON SCHEDULE

TOWN OF TROPHY CLUB, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	$ 1,704,718	$ 1,704,718	$ 1,697,654	$ (7,064)
Investment income	250	250	3,032	2,782
Total revenues	1,704,968	1,704,968	1,700,686	(4,282)
EXPENDITURES				
Debt service:				
Interest and Fiscal Charges	387,567	407,067	404,554	2,513
Principal retirement	1,339,500	1,379,500	1,378,000	1,500
Total debt service	1,727,067	1,786,567	1,782,554	4,013
Total expenditures	1,727,067	1,786,567	1,782,554	4,013
Excess (deficiency) of revenues over expenditures	(22,099)	(81,599)	(81,868)	(269)
OTHER FINANCING SOURCES				
Transfers in	87,206	87,206	106,502	19,296
Total other financing sources	87,206	87,206	106,502	19,296
Net change in fund balances	65,107	5,607	24,634	19,027
Fund balances - beginning	118,542	118,542	118,542	-
Fund balances - ending	$ 183,649	$ 124,149	$ 143,176	$ 19,027



TOWN OF
TROPHY CLUB

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

HOTEL OCCUPANCY FUND
Accounts for occupancy taxes charged to hotels.

STREET MAINTENANCE SALES TAX FUND
Accounts for sales taxes specifically restricted for street improvements.

ANNIVERSARY FUND
Accounts for contributions designated for the Town's anniversary celebrations.

COURT TECHNOLOGY FUND
Accounts for court fees specifically restricted for court technology expenditures.

COURT SECURITY FUND
Accounts for court fees specifically restricted for court security expenditures.

CRIME CONTROL AND PREVENTION DISTRICT FUND
Accounts for sales taxes specifically restricted for crime control and prevention.

RECREATION PROGRAMS
Accounts for recreation fees and associated recreation programs.

TOWN OF TROPHY CLUB, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Anniversary Fund
ASSETS			
Cash and cash equivalents	$ 543,214	$ -	$ -
Sales taxes receivable	-	38,441	-
Accounts receivable, net	37,429	-	-
Due from other Funds	-	1,722	-
Total assets	580,643	40,163	-
LIABILITIES			
Accounts payable	16,280	3,025	-
Due to other funds	-	42,155	
Total liabilities	16,280	45,180	-
FUND BALANCES			
Restricted for:			
Tourism	564,363	-	-
Crime control and prevention	-	-	-
Court	-	-	-
Committed for:			
Recreation programs	-	-	-
Unassigned	-	(5,017)	-
Total fund balances	564,363	(5,017)	-
Total liabilities and fund balances	$ 580,643	$ 40,163	$ -

Court Technology	Court Security	Crime Control and Prevention	Recreation Programs	Total Nonmajor Governmental Funds
$ 19,097	$ 20,571	$ 164,531	$ 5,966	$ 753,379
-	-	37,872	-	76,313
-	-	-	-	37,429
-	-	-	-	1,722
19,097	20,571	202,403	5,966	868,843
-	-	-	3,697	23,002
				42,155
-	-	-	3,697	65,157
-	-	-	-	564,363
-	-	202,403	-	202,403
19,097	20,571	-	-	39,668
-	-	-	2,269	2,269
-	-	-	-	(5,017)
19,097	20,571	202,403	2,269	803,686
$ 19,097	$ 20,571	$ 202,403	$ 5,966	$ 868,843

TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Anniversary Fund
REVENUES			
Sales and mixed beverage taxes	$ -	$ 200,310	$ -
Occupancy taxes	302,374	-	-
Charges for service	-	-	-
Fines	-	-	-
Investment income	763	30	-
Miscellaneous	3,310	-	24
Total revenues	306,447	200,340	24
EXPENDITURES			
Current:			
General government	72,961	-	-
Court	-	-	-
Police	-	-	-
Recreation	-	-	2,819
Streets	-	210,455	-
Debt service:			
Capital outlay:			
General government	44,871	-	-
Police	-	-	-
Streets	-	35,208	-
Total expenditures	117,832	245,663	2,819
Excess (deficiency) of revenues over expenditures	188,615	(45,323)	(2,795)
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	(25,000)	(702)
Total other financing source (uses)	(100,000)	(25,000)	(702)
Net change in fund balances	88,615	(70,323)	(3,497)
Fund balances - beginning	475,748	65,306	3,497
Fund balances - ending	$ 564,363	$ (5,017)	$ -

Court Technology	Cout Security	Crime Control and Prevention	Recreation Programs	Total Nonmajor Governmental Funds
$ -	$ -	$ 196,157	$ -	$ 396,467
-	-	-	-	302,374
-	-	-	10,398	10,398
3,482	2,620	-	-	6,102
-	-	71	-	864
-	-	-	-	3,334
3,482	2,620	196,228	10,398	719,539
-	-	-	-	72,961
5,904	952	-	-	6,856
-	-	25,221	-	25,221
-	-	-	11,524	14,343
-	-	-	-	210,455
-	-	-	-	44,871
-	-	102,869	-	102,869
-	-	-	-	35,208
5,904	952	128,090	11,524	512,784
(2,422)	1,668	68,138	(1,126)	206,755
-	(3,000)	-	-	(128,702)
-	(3,000)	-	-	(128,702)
(2,422)	(1,332)	68,138	(1,126)	78,053
21,519	21,903	134,265	3,395	725,633
$ 19,097	$ 20,571	$ 202,403	$ 2,269	$ 803,686

DISCRETELY PRESENTED COMPONENT UNITS

4B ECONOMIC DEVELOPMENT FUND
Accounts for the use of 4B economic development sales tax revenue.

TAX INCREMENT REINVESTMENT ZONE #1
Accounts for the use of ad valorem tax revenue and sales tax revenue within the boundaries of the reinvestment zone.

TOWN OF TROPHY CLUB, TEXAS
BALANCE SHEET
4B ECONOMIC DEVELOPMENT FUND
SEPTEMBER 30, 2016

Assets		
Cash and cash equivalents	$	496,358
Sales taxes receivable		76,883
Inventory		2,538,765
Total assets		3,112,006
Fund Balances		
Unassigned		3,112,006
Total liabilities and fund balances	$	3,112,006

TOWN OF TROPHY CLUB, TEXAS
RECONCILATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
4B ECONOMIC DEVELOPMENT FUND
SEPTEMBER 30, 2016

Total fund balances of 4B Economic Development Corporation		$ 3,112,006
Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental fund financial statements. This amount is the net effect of:		
Contractual Obligations	(2,585,000)	
Issuance Discounts	25,206	(2,559,794)
Bond insurance on governmental long-term debt is capitalized and amortized over the life of the debt in the government-wide financial statements.		10,742
Interest payable on long-term debt does not require the use of current financial resources; therefore, interest payable, other than that related to a new issuance, is not reported as liability in the governmental funds balance sheet.		(1,707)
Net position of 4B Economic Development Corporation		$ 561,247

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
4B ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenues		
Sales taxes	$	400,621
Investment income		1,289
Total revenues		401,910
Expenditures:		
Economic Development		146,359
Interest and fiscal charges		98,945
Principal Retirement		105,000
Total expenditures		350,304
Excess of revenues over expenditures		51,606
Net change in fund balances		51,606
Fund Balances - beginning of year		3,060,400
Fund Balances - end of year	$	3,112,006

TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
4B ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - 4B Economic Development Corporation	$	51,606
Amounts reported in the statement of net position are different because:		
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Debt principal paid		105,000
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of bond discount		(1,333)
Bond insurance associated with the issuance of governmental long-term debt is expensed when incurred in the fund financial statements and capitalized and amortized over the life of the debt in the government-wide financial statements. This amount is the current year amortization ($568).		(568)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest		17
Change in net position of 4B Economic Development Corporation	$	154,722

TOWN OF TROPHY CLUB, TEXAS BALANCE SHEET
TAX INCREMENT REINVESTMENT ZONE #1
SEPTEMBER 30, 2016

Assets		
Cash and cash equivalents	$	20,765
Total assets		20,765
Liabilities		
Accounts Payable		400,000
Total liabilities		400,000
Fund Balances		
Unassigned		(379,235)
Total liabilities and fund balances	$	(379,235)

TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION TAX INCREMENT REINVESTMENT ZONE #1
SEPTEMBER 30, 2016

Total fund balances of Tax Increment Reinvestment Zone #1	$	(379,235)
Net position of Tax Increment Reinvestment Zone #1	$	(379,235)

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TAX INCREMENT REINVESTMENT ZONE #1
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenues	
Property taxes	$ 14,703
Total revenues	14,703
Expenditures:	
Economic Development	400,000
Total expenditures	400,000
Excess of revenues over expenditures	(385,297)
Net change in fund balances	(385,297)
Fund Balances - beginning of year	6,062
Fund Balances - end of year	$ (379,235)

TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
TAX INCREMENT REINVESTMENT ZONE #1
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - Tax Increment Reinvestment Zone #1	$	(385,297)
Amounts reported in the statement of net position are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Ad valorem taxes		(4,211)
Change in net position of Tax Increment Reinvestment Zone #1	$	(389,508)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Trophy Club's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	**Tables**
Financial Trends	1-4
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	5-8
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	9-11
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	12-13
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	14-15
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF TROPHY CLUB, TEXAS **Table 1**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 12,598,102	$ 24,467,178	$ 33,443,249	$ 36,491,021	$ 47,668,302	$ 50,050,855	$ 54,425,735	$ 53,586,441	$ 27,620,857	$ 26,940,643
Restricted for debt service	42,164	130,709	40,716	39,003	57,471	65,590	95,507	96,151	100,627	49,171
Restricted for PID	-	-	-	-	-	-	-	-	3,209,168	3,567,989
Restricted for capital projects	-	-	-	-	-	996,425	-	-	-	-
Restricted for crime control and prevention	-	-	-	-	-	-	23,007	93,746	134,265	210,189
Restrictied for tourism	-	-	-	-	-	1,321	87,225	283,481	475,748	564,363
Restricted for street maintenance	-	-	-	-	-	75,999	46,700	39,915	65,306	-
Restricted for anniversary events	-	-	-	-	-	2,114	2,114	2,114	3,497	-
Restricted for recreation programs	-	-	-	-	-	-	-	2,812	3,395	2,269
Restricted for court	-	-	-	-	-	49,962	60,927	46,253	43,422	39,668
Unrestricted	1,689,440	11,115,277	6,197,041	4,569,344	2,689,482	2,158,558	2,896,674	3,119,531	2,279,194	1,995,960
Total governmental activities net position	$ 14,329,706	$ 35,713,164	$ 39,681,006	$ 41,099,368	$ 50,415,255	$ 53,400,824	$ 57,637,889	$ 57,270,444	$ 33,935,479	$ 33,370,252
Business-type activities										
Net investment in capital assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,848	$ 560,931	$ 513,930	$ 680,146
Unrestricted	-	-	-	-	12,541	46,866	230,592	(4,845)	163,047	171,755
Total business-type activities net position	$ -	$ -	$ -	$ -	$ 12,541	$ 46,866	$ 283,440	$ 556,086	$ 676,977	$ 851,901
Primary government										
Net investment in capital assets	$ 12,598,102	$ 24,467,178	$ 33,443,249	$ 36,491,021	$ 47,668,302	$ 50,050,855	$ 54,478,583	$ 54,147,372	$ 28,134,787	$ 27,620,789
Restricted for debt service	42,164	130,709	40,716	39,003	57,471	65,590	95,507	96,151	100,627	49,171
Restricted for PID	-	-	-	-	-	-	-	-	3,209,168	3,567,989
Restricted for capital projects	-	-	-	-	-	996,425	-	-	-	-
Restricted for crime control and prevention	-	-	-	-	-	-	23,007	93,746	134,265	210,189
Restrictied for tourism	-	-	-	-	-	1,321	87,225	283,481	475,748	564,363
Restricted for street maintenance	-	-	-	-	-	75,999	46,700	39,915	65,306	-
Restricted for anniversary events	-	-	-	-	-	2,114	2,114	2,114	3,497	-
Restricted for recreation programs	-	-	-	-	-	-	-	2,812	3,395	2,269
Restricted for court	-	-	-	-	-	49,962	60,927	46,253	43,422	39,668
Unrestricted	1,689,440	11,115,277	6,197,041	4,569,344	2,702,023	2,205,424	3,127,266	3,114,686	2,442,241	2,167,715
Total primary governmental net position	$ 14,329,706	$ 35,713,164	$ 39,681,006	$ 41,099,368	$ 50,427,796	$ 53,447,690	$ 57,921,329	$ 57,826,530	$ 34,612,456	$ 34,222,153

Source: Town audited financial records

Notes: The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.
The Town did not have business-type activities prior to fiscal year 2011.
The Town implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard.
The Town implemented GASB No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

TOWN OF TROPHY CLUB, TEXAS **Table 2**

CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 1,026,163	$ 1,475,709	$ 1,421,942	$ 1,717,961	$ 2,807,237	$ 1,984,137	$ 1,902,621	$ 2,113,664	$ 1,955,949	$ 2,728,642
PID activities	-	-	-	-	-	-	-	-	2,736,000	2,122,901
Public safety	2,312,318	3,041,753	2,013,822	2,211,108	2,275,778	2,392,798	2,898,737	3,125,577	2,306,609	3,540,703
Highways & streets	131,922	526,621	1,326,986	1,335,674	1,372,501	1,829,799	2,234,140	1,764,396	1,716,531	1,878,119
Community development	982,406	415,552	298,287	353,894	345,804	485,614	599,872	620,209	436,090	640,404
Water and sewer	-	-	-	-	617,001	92	261,106	311,677	319,054	319,054
Storm drainage	-	-	-	-	-	-	227,067	231,370	234,339	234,287
Culture and recreation	1,539,859	1,930,105	1,224,521	1,596,619	1,844,573	1,564,660	2,037,590	2,555,844	2,253,982	2,652,384
Interest on long-term debt	261,125	2,532,457	391,346	391,593	558,473	498,569	489,337	412,561	469,923	496,019
Total governmental activities expenses	6,253,793	9,922,197	6,676,904	7,606,849	9,821,367	8,755,669	10,650,470	11,135,298	12,428,477	14,612,513
Business-type activities:										
Trophy Club Park	-	-	-	-	98,935	130,185	98,718	134,625	123,445	109,325
Town Storm Drainage	-	-	-	-	156,461	96,488	121,269	103,001	205,331	174,499
Total business-type activities expenses	-	-	-	-	255,396	226,673	219,987	237,626	328,776	283,824
Total primary government expenses	$ 6,253,793	$ 9,922,197	$ 6,676,904	$ 7,606,849	$ 10,076,763	$ 8,982,342	$ 10,870,457	$ 11,372,924	$ 12,757,253	$ 14,896,337
Program Revenues										
Governmental activities:										
Charges for services										
Community Development	-	-	-	713,920	792,065	1,128,234	968,285	895,508	702,578	605,558
Water and sewer	-	-	-	305,580	612,722	2,040	-	-	-	-
Other	931,685	1,284,324	1,551,633	688,554	669,827	854,349	793,205	783,359	752,102	607,453
Operating grants and contributions	909,784	977,774	55,801	385,429	340,748	342,894	952,648	423,960	550,495	141,071
Capital grants and contributions	-	27,776,510	3,736,920	323,822	10,627,098	2,682,302	4,793,132	761,196	1,254,997	-
Total governmental activities program revenues	1,841,469	30,038,608	5,344,354	2,417,305	13,042,460	5,009,819	7,507,270	2,864,023	3,260,172	1,354,082
Business-type activities:										
Charges for services	-	-	-	-	253,034	325,380	506,205	550,617	484,874	466,934
Operating grants and contributions	-	-	-	-	-	-	-	-	-	61,106
Total business-type activities program revenues	-	-	-	-	253,034	325,380	506,205	550,617	484,874	528,040
Total primary government program revenues	$ 1,841,469	$ 30,038,608	$ 5,344,354	$ 2,417,305	$ 13,295,494	$ 5,335,199	$ 8,013,475	$ 3,414,640	$ 3,745,046	$ 1,882,122

TOWN OF TROPHY CLUB, TEXAS **Table 2 - CONTINUED**

CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expenses) Revenue										
Governmental activities	$ (4,412,324)	$ 20,116,411	$ (1,332,550)	$ (5,189,544)	$ 3,221,093	$ (3,745,850)	$ (3,143,200)	$ (8,271,275)	$ (9,168,305)	$ (13,258,431)
Business-type activities	-	-	-	-	(2,362)	98,707	286,218	312,991	156,098	244,216
Total primary government net expenses	$ (4,412,324)	$ 20,116,411	$ (1,332,550)	$ (5,189,544)	$ 3,218,731	$ (3,647,143)	$ (2,856,982)	$ (7,958,284)	$ (9,012,207)	$ (13,014,215)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 2,906,229	$ 3,217,051	$ 3,639,192	$ 3,889,157	$ 4,480,999	$ 4,897,615	$ 5,334,140	$ 5,955,398	$ 9,364,705	$ 9,701,080
Sales and mixed beverage taxes	605,776	608,218	588,362	674,131	631,561	754,105	781,054	965,969	1,104,298	1,217,693
Other taxes	455,944	515,205	563,340	537,644	648,400	706,065	828,338	1,020,554	1,027,407	1,255,995
Intergovernmental revenue	280,086	254,572	260,507	409,454	-	-	-	-	-	-
Investment income	176,939	465,064	85,800	17,634	15,162	7,983	7,193	4,973	11,331	65,709
Miscellaneous revenues	168,604	629,225	163,192	126,949	333,497	301,269	379,896	185,922	100,202	382,521
Transfers	-	(4,422,288)	-	-	75,819	64,382	49,644	28,607	35,350	70,206
Total governmental activities	4,593,578	1,267,047	5,300,393	5,654,969	6,185,438	6,731,419	7,380,265	8,161,423	11,643,293	12,693,204
Business-type activities:										
Investment income	-	-	-	-	78	-	-	25	143	914
Special items	-	-	-	-	-	-	-	26,001	-	-
Transfers	-	-	-	-	(75,819)	(64,382)	(49,644)	(28,607)	(35,350)	(70,206)
Total business-type activities	-	-	-	-	(75,741)	(64,382)	(49,644)	(2,581)	(35,207)	(69,292)
Total primary government	$ 4,593,578	$ 1,267,047	$ 5,300,393	$ 5,654,969	$ 6,109,697	$ 6,667,037	$ 7,330,621	$ 8,158,842	$ 11,608,086	$ 12,623,912
Change in Net Position										
Governmental activities	$ 181,254	$ 21,383,458	$ 3,967,843	$ 465,425	$ 9,406,531	$ 2,985,569	$ 4,237,065	$ (109,852)	$ 2,474,988	$ (565,227)
Business-type activities	-	-	-	-	(78,103)	34,325	236,574	310,410	120,891	174,924
Total primary government	$ 181,254	$ 21,383,458	$ 3,967,843	$ 465,425	$ 9,328,428	$ 3,019,894	$ 4,473,639	$ 200,558	$ 2,595,879	$ (390,303)

Source: Town audited financial records

Notes: The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.
The Town did not have business-type activities prior to fiscal year 2011.
The Town implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard.
The Town implemented GASB No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

TOWN OF TROPHY CLUB, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	2007	2008	2009	2010
General Fund				
Nonspendable for prepaids	$ -	$ -	$ -	$ -
Assigned for capital expenditures	-	-	-	-
Commtted for Police	-	-	-	-
Unassigned	-	-	-	-
Reserved	71,195	97,355	56,968	57,486
Unreserved	1,335,796	1,830,233	2,010,869	2,056,334
Total general fund	$ 1,406,991	$ 1,927,588	$ 2,067,837	$ 2,113,820
All Other Governmental Funds				
Restricted for:				
Debt Service	$ -	$ -	$ -	$ -
Capital Projects	-	-	-	-
PID No. 1	-	-	-	-
Tourism	-	-	-	-
Street Maintenance	-	-	-	-
Town anniversary	-	-	-	-
Water Services	-	-	-	-
Court	-	-	-	-
Public Safety	-	-	-	-
Committed for:				
Recreation programs	-	-	-	-
Unassigned	-	-	-	-
Reserved for:				
Debt service	74,060	152,253	63,305	83,067
Prepaid items	-	-	-	1,567
Encumbrances	-	-	-	48,000
Capital projects funds	-	-	3,750,206	6,709,402
Unreserved, reported in:				
Debt service	-	-	-	-
Special revenue funds	(1,531)	18,607	8,231	151,970
Capital projects funds	3,065,681	10,193,492	-	-
Total all other governmental funds	$ 3,138,210	$ 10,364,352	$ 3,821,742	$ 6,994,006

Source: Town audited financial records

(1) The Town implemented the GASB 54 during fiscal year ended September 30, 2011.

Table 3

2011	2012	2013	2014	2015	2016
$ 2,620	$ 796	$ 796	$ 796	$ 1,816	$ 54,397
228,138	228,138	228,138	228,138	228,138	-
-	-	-	-	200,000	189,475
2,412,034	2,902,168	2,398,330	2,816,087	3,261,235	3,950,290
-	-	-	-		
-	-	-	-		
$ 2,642,792	$ 3,131,102	$ 2,627,264	$ 3,045,021	$ 3,691,189	$ 4,194,162
$ 85,388	$ 94,267	$ 119,722	$ 118,092	$ 118,542	$ 143,174
1,599,988	996,425	2,065,759	4,505,273	1,694,546	8,764,936
-	-	-		4,229,068	3,869,425
1,890	1,321	87,225	283,481	475,748	564,363
34,750	75,999	46,700	39,915	65,306	-
2,114	2,114	2,114	2,114	3,497	-
12,788	-	-	-	-	-
-	49,962	60,927	46,253	43,422	39,668
-	-	23,007	93,746	134,265	210,189
-	-	-	2,812	3,395	2,269
(26,477)	(257,350)	(11,517)	(6,333)	(6,327)	(5,017)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
				-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 1,710,441	$ 962,738	$ 2,393,937	$ 5,085,353	$ 6,761,462	$ 13,589,007

TOWN OF TROPHY CLUB, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	2007	2008	2009	2010
Revenues				
Taxes				
Ad valorem taxes	$ 2,903,193	$ 3,219,061	$ 3,623,124	$ 3,890,927
Sales and mixed beverage taxes	605,776	608,218	588,362	674,131
Franchise taxes	447,956	481,459	546,271	519,959
Occupancy	-	25,705	17,069	17,685
Licenses, permits & fees	215,251	376,628	631,895	719,333
Intergovernmental	1,104,134	1,232,346	235,715	237,756
Charges for services	570,063	776,088	794,185	868,571
Fines & Fees	99,541	106,092	140,553	120,151
Contributions	-	27,415,006	3,736,920	709,251
Investment Income	176,939	465,064	85,800	17,634
Grant revenue	-	361,504	50,191	171,698
Miscellaneous	207,719	659,254	178,594	126,949
Total revenues	6,330,572	35,726,425	10,628,679	8,074,045
Expenditures				
Current:				
General government	1,091,305	1,458,474	1,523,604	1,722,229
PID activities	-	-	-	-
Public safety	2,360,669	3,082,797	1,944,643	2,169,477
Highways & streets	-	593,444	791,304	568,619
Community development	871,553	317,973	265,162	344,278
Water and sewer	-	-	-	-
Culture & recreation	1,229,661	1,296,752	1,230,193	1,393,751
Debt Service:				
Principal	305,000	447,000	515,000	540,000
Interest	291,924	460,741	389,921	371,721
Other charges	-	2,078,496	-	82,245
Capital Outlay	629,681	14,078,557	10,394,523	3,223,478
Total expenditures	6,779,793	23,814,234	17,054,350	10,415,798
Excess of revenues over (under) expenditures	(449,221)	11,912,191	(6,425,671)	(2,341,753)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease obligation	119,461	256,836	23,310	-
Proceeds from contractual obligations	474,000	-	-	5,560,000
Proceeds of bank loan	-	-	-	-
Proceeds from bonds	3,260,000	-	-	-
Premium on bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer from other funds	60,002	123,280	104,700	276,317
Transfer to other funds	(60,002)	(4,545,568)	(104,700)	(276,317)
Total other financing sources (uses)	3,853,461	(4,165,452)	23,310	5,560,000
NET CHANGE IN FUND BALANCES	$ 3,404,240	$ 7,746,739	$ (6,402,361)	$ 3,218,247
Debt service as a percentage of non-capital expenditures	9.71%	9.32%	13.59%	12.68%

Source: Town audited financial records

Table 4

2011	2012	2013	2014	2015	2016
$ 4,457,829	$ 4,916,886	$ 5,330,778	$ 5,908,764	$ 9,387,548	$ 9,710,760
631,561	754,105	781,054	965,969	1,104,298	1,217,694
608,806	693,722	718,952	772,621	811,052	953,622
22,644	20,543	108,170	235,796	264,708	302,374
798,520	1,128,234	968,285	904,251	697,378	598,586
375,749	342,894	888,896	133,004	326,195	26,237
1,140,556	670,186	592,146	611,781	293,011	310,735
167,461	157,143	171,579	126,111	580,648	362,409
265,426	322,536	1,472	-	-	-
15,162	7,983	7,193	4,974	11,330	65,708
318,954	1,400,252	490,850	61,383	147,691	7,942
335,796	82,057	388,894	485,380	100,202	407,418
9,138,464	10,496,541	10,448,269	10,210,034	13,724,061	13,963,485
1,763,048	1,968,287	1,844,939	1,947,650	2,273,447	2,349,120
-	-	-	-	314,344	81,793
2,237,263	2,408,103	2,905,923	2,918,484	2,896,632	3,187,064
811,854	2,017,548	1,067,962	517,964	516,035	566,927
189,425	481,473	576,306	587,760	479,477	576,508
617,001	92	-	-	-	-
1,523,133	1,659,656	1,491,496	1,853,811	1,799,204	1,892,065
803,000	885,000	2,294,000	998,000	1,438,000	2,153,974
551,955	475,266	456,417	398,872	2,504,235	2,055,694
74,324	21,200	29,367	75,100	42,736	1,340,786
5,390,630	1,403,691	237,936	885,436	3,466,307	3,395,509
13,961,633	11,320,316	10,904,346	10,183,077	15,730,417	17,599,440
(4,823,169)	(823,775)	(456,077)	26,957	(2,006,356)	(3,635,955)
-	-	-	-	-	-
-	-	-	2,500,000	-	4,210,000
-	-	-	-	-	-
2,790,000	500,000	1,300,000	600,000	2,030,000	31,399,979
118,904		33,794	50,329	-	5,020,788
(2,825,503)	-	-	-	(2,026,710)	(29,734,500)
185,835	191,878	876,553	55,741	63,350	493,947
(110,016)	(127,496)	(826,909)	(27,134)	(28,000)	(423,741)
159,220	564,382	1,383,438	3,178,936	38,640	10,966,473
$ (4,663,949)	$ (259,393)	$ 927,361	$ 3,205,893	$ (1,967,716)	$ 7,330,518
15.81%	13.72%	25.79%	15.02%	32.14%	29.64%

TOWN OF TROPHY CLUB, TEXAS **Table 5**

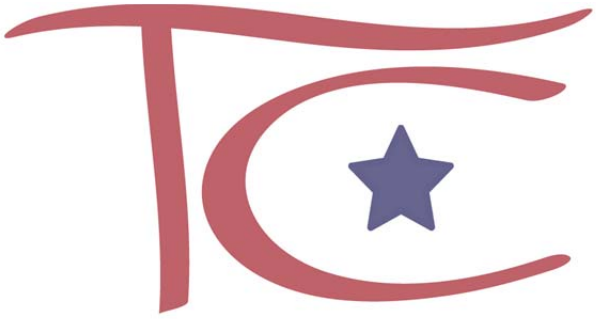
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Non Real Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	669,790,841	15,603,238	18,941,759	666,452,320	0.43051
2008	728,292,523	31,439,675	30,732,229	728,999,969	0.43051
2009*	802,085,464	30,781,322	43,426,286	789,440,500	0.45551
2010	861,983,993	28,133,834	49,316,322	840,801,505	0.47000
2011	901,333,893	24,792,616	52,794,045	873,332,464	0.51500
2012	971,822,347	23,862,338	54,212,507	941,472,178	0.53000
2013	1,068,605,127	24,460,719	59,911,204	1,033,154,642	0.51854
2014	1,248,215,265	25,845,178	60,160,746	1,213,899,697	0.49930
2015	1,426,754,517	20,304,259	64,382,412	1,382,676,364	0.49000
2016	1,618,577,881	28,301,916	68,622,814	1,578,256,983	0.48400

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

* Tarrant County inlcuded beginning in FY 2009 (Tax year 2008)



TOWN OF
TROPHY CLUB

TOWN OF TROPHY CLUB, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of assessed value)
LAST TEN FISCAL YEARS
(Unaudited)

	Town of Trophy Club						
Fiscal Year	Operating Mileage	Debt Service Mileage	Total Town Mileage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
2007	0.367230	0.063280	0.430510	1.665000	0.250000	0.299000	0.231920
2008	0.351040	0.079470	0.430510	1.335050	0.230000	0.279230	0.235890
2009	0.374310	0.081200	0.455510	1.335000	0.225000	0.264230	0.235770
2010	0.388380	0.081620	0.470000	1.355000	0.205000	0.205000	0.249800
2011	0.397220	0.117780	0.515000	1.375000	0.195000	-	0.273900
2012	0.415013	0.114987	0.530000	1.375000	0.175000	-	0.277357
2013	0.403543	0.115000	0.518543	1.375000	0.133390	-	0.282867
2014	0.384300	0.115000	0.499300	1.452500	0.133390	-	0.284914
2015	0.380000	0.110000	0.490000	1.452500	0.133390	-	0.272200
2016	0.374000	0.110000	0.484000	1.452500	0.131140	-	0.262000

Source: Denton & Tarrant County Appraisal Districts

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

Table 6

Overlapping Rates						Total
Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Mileage	Total MUD #2 Mileage	Direct & Overlapping Rates
-	-	-	-	$ 2.640710	$ 2.626430	$ 2.876430
-	-	-	-	$ 2.310920	$ 2.280680	$ 2.510680
-	0.264000	0.137960	0.227897	$ 2.734440	$ 2.920367	$ 3.145367
0.109140	0.264000	0.137670	0.227897	$ 2.872230	$ 3.018507	$ 3.223507
0.109250	0.264000	0.137640	0.227897	$ 2.987570	N/A	$ 3.097687
0.109250	0.264000	0.148970	0.227897	$ 2.994564	N/A	$ 3.107474
0.104000	0.264000	0.149500	0.227897	$ 2.942300	N/A	$ 3.055197
0.087380	0.264000	0.149500	0.227897	$ 2.985984	N/A	$ 3.098881
0.077270	0.264000	0.149500	0.227897	$ 2.948860	N/A	$ 3.066757
0.072220	0.264000	0.149500	0.227897	$ 2.925360	N/A	$ 3.043257

TOWN OF TROPHY CLUB, TEXAS **Table 7**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT FISCAL YEAR AND TEN YEARS AGO

(Unaudited)

	2016			2007		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value** (1)	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value** (2)
HCP CRSI Trophy Club TX LP	18,000,000	1	1.14%			
Trophy Club 12 LLC	14,500,000	2	0.92%			
Trophy Club Equities LLC	10,759,326	3	0.68%			
Armore Trophy Club LLC	10,090,000	4	0.64%			
First Texas Homes INC	6,792,937	5	0.43%			
Oncor Electric Delivery Company	6,547,680	6	0.41%			
Hydra Hotels LLC	6,250,000	7	0.40%			
Trophy Club Medical Center LP	5,854,660	8	0.37%			
Lennar Homes of Texas Land & Construction LTD	5,474,193	9	0.35%			
4663 Okeechobee Blvd. and Palm Beach Holdings	5,393,413	10	0.34%			
REGENCY CENTERS LP				12,314,210	1	1.85%
CNL RETIREMENT CRSI TROPHY CLUB TX LP				9,500,000	2	1.43%
TROPHY CLUB MOB PARTNERS LP				7,940,044	3	1.19%
CLUBCORP GOLF TEX LP P/S				7,533,977	4	1.13%
TROPHY CLUB MEDICAL CENTER				7,355,265	5	1.10%
BECK PROPERTIES TROPHY CLUB LP				4,660,308	6	0.70%
TC PLANTATIONS LTD P/S				4,454,989	7	0.67%
HIGHWAY 114 PROSPECT LTD				4,075,481	8	0.61%
4663 OKEECHOBEE BLVD & PALM BEACH HOLDINGS(2002)				3,982,329	9	0.60%
TXU ELECTRIC DELIVERY CO				3,976,960	10	0.60%
Totals	$ 89,662,209		5.67%	$ 65,793,563		9.86%

Source: Denton County Appraisal District and Tarrant County Apprisal District

(1) Total taxable value including real and personal property for tax year 2015 (fiscal year 2016) is $1,382,002,785

(2) Total taxable value including real and personal property for tax year 2006 (fiscal year 2007) is $563,187,476

TOWN OF TROPHY CLUB, TEXAS **Table 8**

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of levy
2007	3,196,891	3,161,725	98.90%	35,954	3,197,679	100.02%
2008	3,650,949	3,621,376	99.19%	28,524	3,649,901	99.97%
2009	3,563,202	3,525,248	98.93%	36,722	3,561,970	99.97%
2010	3,864,014	3,836,568	99.29%	25,394	3,861,962	99.95%
2011	4,446,960	4,414,699	99.27%	25,723	4,440,422	99.85%
2012	4,858,136	4,838,092	99.59%	13,713	4,851,805	99.87%
2013	5,259,719	5,244,699	99.71%	7,742	5,252,441	99.86%
2014	5,904,591	5,869,976	99.41%	25,676	5,895,652	99.85%
2015	6,665,433	6,642,558	99.66%	11,242	6,653,799	99.83%
2016	7,477,394	7,456,542	99.72%	-	7,456,542	99.72%

Source: Denton County Tax Assessor Collector

TOWN OF TROPHY CLUB, TEXAS **Table 9**

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Capital Leases	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Primary Government	Percentage of Personal Income (2)	Per Capita
2007	8,135,000	989,000	-	-	-	-	9,124,000	3.62%	1,175
2008	7,755,000	922,000	-	-	-	-	8,677,000	3.40%	1,152
2009	7,310,000	852,000	-	-	-	-	8,162,000	3.28%	1,074
2010	12,400,000	782,000	92,240	-	-	-	13,274,240	4.92%	1,618
2011	11,833,750	709,000	30,570	-	-	-	12,573,320	3.69%	1,531
2012	11,505,149	634,000	-	-	-	-	12,139,149	3.03%	1,348
2013	9,464,076	1,698,419	-	-	1,743,456	-	12,905,951	2.86%	1,199
2014	9,085,567	4,212,132	-	-	1,599,038	-	14,896,737	3.07%	1,293
2015	8,344,695	4,029,431	-	-	1,454,619	-	13,828,745	2.61%	1,149
2016	12,670,889	8,293,448	-	-	1,305,200	-	22,269,537	3.98%	1,789

(1) Personal Income and Population found on Table 15 of the statistical section

TOWN OF TROPHY CLUB, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2007	8,135,000	989,000	1.37%	1,175
2008	7,755,000	922,000	1.19%	1,152
2009	7,310,000	852,000	1.03%	1,074
2010	12,400,000	782,000	1.57%	1,607
2011	11,833,750	709,000	1.44%	1,528
2012	11,505,149	634,000	1.29%	1,348
2013	9,464,076	1,698,419	1.08%	1,037
2014	9,085,567	4,212,132	1.10%	1,154
2015	8,344,695	4,029,431	0.89%	1,028
2016	12,670,889	8,293,448	1.33%	1,684

[a] Property values are from table 5.

[b] Populations are from table 12.

TOWN OF TROPHY CLUB, TEXAS **Table 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2016

(Unaudited)

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	$ 608,965,000	1.75%	$ 10,672,679
Northwest Independent School District	736,394,556	12.08%	88,972,907
Tarrant County	344,185,000	0.07%	228,264
Tarrant County Hospital District	42,485,000	0.07%	28,121
Trophy Club MUD #1	19,180,000	67.75%	12,993,663
Subtotal, overlapping debt	$ 1,751,209,556		$ 112,895,634
Town of Trophy Club, direct debt	24,196,000	100.00%	24,196,000
Total Direct and Overlapping Debt Principal	$ 1,775,405,556		$ 137,091,634

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therfore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports ("TMR") published by the Municipal Advisory Council of Texas.

TOWN OF TROPHY CLUB, TEXAS **Table 12**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Year	Estimated Population[a]	Total Households[a]	Median Household Income[b]	Total Personal Income
2007	7,763	2,850	92,492	263,602,200
2008	7,531	2,289	92,492	211,714,188
2009	7,600	2,763	92,492	255,555,396
2010	8,204	2,930	92,492	271,001,560
2011	8,210	3,179	107,150	340,629,850
2012	9,005	3,379	118,595	400,732,505
2013	10,760	3,680	122,539	450,943,520
2014	11,525	3,891	124,593	484,791,363
2015	12,040	4,153	127,391	529,054,823
2016	12,446	4,342	128,750	559,032,500

Sources: a Estimated population using residential water connections
b United States Census Bureau

TOWN OF TROPHY CLUB, TEXAS PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO
(Unaudited)

Table 13

2016			2011		
Employer	**Employees**	**Percentage of Total Town Employment**	**Employer**	**Employees**	**Percentage of Total Town Employment**
Northwest Independent School District	472	31.47%	Northwest Independent School District	309	30.90%
Baylor Medical Center at Trophy Club	223	14.33%	Baylor Medical Center at Trophy Club	125	12.50%
Trophy Club Country Club	215	14.87%	Trophy Club Country Club	100	10.00%
Town of Trophy Club[4]	181	12.07%	Tom Thumb	90	9.00%
Tom Thumb	75	5.00%	Town of Trophy Club & Trophy Club MUD #1	88	8.80%
Cristina's Mexican Restaurant	55	3.67%	Cristina's Mexican Restaurant	45	4.50%
Premier Academy - Trophy Club	45	3.00%	Fellowship United Methodist Church	39	3.90%
Fellowship United Methodist Church	43	2.87%	Church at Trophy Lake	30	3.00%
Trophy Lake Academy	30	2.00%	Bank of America	25	2.50%
Merryhill Preschool	25	1.67%	Walgreen's	23	2.30%
Total	1,364	90.93%		874	87.40%

(1) Employment data is not available for 2007.

(2) Staff estimated total Town employment of 1,500 for fiscal year 2016

(3) Staff estimated total Town employment of 1000 for fiscal year 2011

(4) Includes Full Time, Part Time, and Seasonal

TOWN OF TROPHY CLUB, TEXAS **Table 14**

FULL-TIME TOWN GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year									
Function	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General Government and Adminstration	10.00	9.00	9.00	10.00	12.00	12.80	12.00	14.00	13.00	13.50
Public Safety	25.00	29.00	21.87	21.80	22.30	23.10	27.60	31.40	32.40	33.45
Streets	-	5.00	6.00	4.90	4.90	4.90	5.00	5.00	3.50	3.50
Parks and Recreation	13.28	10.00	11.00	11.00	11.00	16.30	16.00	16.88	17.08	16.58
Community Development	6.00	4.00	2.50	2.50	3.00	4.50	6.00	7.00	5.75	6.00
Total	54.28	57.00	50.37	50.20	53.20	61.60	66.60	74.28	71.73	73.03

Source: Departmental records

TOWN OF TROPHY CLUB, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2007	2008	2009	2010
Public Safety				
Police				
Number of stations	1	1	1	1
Number of police personnel	15	15	15	16
Number of arrests	81	152	121	125
Number of traffic stops	2,346	2,939	3,608	2,696
Fire				
Number of stations	1	1	1	1
Number of fire personnel	14	14	14	14
Number of calls answered	608	597	689	651
Developmental				
Miles of streets [a]	31	34	36	39
Cultural/Recreational Changes				
Parks	5	8	8	8
Park acreage	907	1,037	1,037	1,037

Source: Departmental records

Table 15

2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
17	15	18	23	25	25
128	102	101	82	125	145
2,821	2,602	2,443	2,004	2,912	3,635
1	1	1	1	1	1
14	14	14	15	15	16
741	845	945	907	868	898
42	43	43	43	43	43
7	6	6	6	6	6
1,037	1,039	1,039	1,039	1,039	1,039